



Village Office

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VILLAGE OF ELBERTA, BENZIE COUNTY, MICHIGAN

REQUEST FOR QUALIFICATIONS & PROPOSALS

ANNUAL FINANCIAL AUDIT SERVICES

Section A – General Information

The Village of Elberta is requesting proposals from qualified firms of certified public accountants to audit its financial statements for three years, with separate audits for each year. The periods to be audited are the fiscal years ending February 28, 2015, February 29, 2016, and February 28, 2017. It is the intent of the Village Council to negotiate a three-year contract with the second and third year contingent upon successful completion of the first year of the contract as determined by the BFA Committee and Village Council.

The examination of the financial records, accounts and procedures by all local units of government shall be made in accordance with generally accepted auditing standards as adopted by the American Institute of Certified Public Accountants in its Statements on Auditing Standards, and the State of Michigan Department of Treasury's Statements of Position and Uniform Reporting Format. The audit must comply with the Michigan Department of Treasury's *Bulletin for Audits of Local Units of Government*. In addition, it will include any other tests of the accounting records and such other auditing procedures the proposer considers necessary in the circumstances.

Section B – Information about the Request

- 1) Proposals should be sent via e-mail in PDF format to clerk@villageofelberta.com. Include "Proposal for Audit Services" in the subject line.
- 2) Proposals will be accepted through 12:00 p.m. on April 2, 2015. Submitted proposals will not be opened until after the deadline. Proposals received after the deadline will not be considered.
- 3) Questions about the Village or this proposal should be directed to the contact person regarding the RFP: Diane Jenks, Village Council President at (231) 735-1773, or shear.class@yahoo.com.
- 4) The Village Council reserves the right to reject any and all proposals submitted. The Village Council will make the final selection of the auditor based on evaluation of all responses, qualifications, audit approach, thoroughness and pricing. It is anticipated a selection will be made on April 16, 2015, with proposers to be notified shortly thereafter. Respondents will be notified of any change made to this schedule.

Section C – Description of the Entity to be Audited

The Village of Elberta is located between Lake Michigan and the Betsie River in Benzie County in the Northwest Lower Peninsula. The Village Population is approximately 350 people.

The Village provides a full range of municipal services, including administration and finance, street construction and maintenance, parks operations, construction, and maintenance, water and sewer service, and planning and community development. The Village operates under a three person staff, comprising a Clerk, Treasurer, and Department of Public Works Superintendent, under the guidance of a Village Council.

The Council is composed of seven elected members. The Village Council President is an elected member of the Council and is the chief administrator and financial officer.

The Village Budget, Finance, and Audit (BFA) Committee is responsible for the financial oversight and compliance with the Michigan accounting standards. The BFA Committee is comprised of two or three persons and chaired by a Village Council Member. The other members are volunteers drawn from the community at large. The BFA committee works closely with the Village Council President and reports to the Village Council monthly.

The Village of Elberta has six funds: the General Fund, Major Street Fund, Local Street Fund, Parks Fund, Sewer Fund, and Water Fund.

The Village of Elberta is currently in a deficit financial situation with the General Fund owing significant amounts to the Major Street Fund and Sewer Fund. A Deficit Elimination Plan (DEP) has been submitted to the MI Department of Treasury. FY2014 was the first year of village operations under the DEP, ending the fiscal year in an improved financial situation.

The Village of Elberta prior year audits, Financial Statements and management letters can be accessed through the MI Department of Treasury Website. Any records needed during the bidding process will be made available through the RFP contact person outlined in Section B.

Section D – Mandatory Qualifications of the Proposer

- 1) The proposer is properly licensed for public practice as a certified public accountant.
- 2) The proposer meets the independence requirements of the Governmental Auditing Standards published by the U.S. General Accounting Office.
- 3) The proposer furnishes a list of at least five (5) audit clients who can be contacted, with a description of the work performed for the client and the client's contact information. At least three (3) of the clients must be public entities.

Section E – Assistance Available to the Proposer

The Village will make every effort to make available all personnel when necessary to assist in performance of the examination. The Village Treasurer will provide the auditor with trial balances and supporting information for the start of the field work. The Village Clerk and Treasurer will assist and provide the auditors with detailed accounts from the Village computer system and retrieve and refile invoices or other documentation selected for examination.

The audit staff will be provided with reasonable work space and access to telephones, photocopy and fax machines.

Section F – Nature of Services Rendered

The services will include an audit of the FY 2014 (March 1, 2014 – February 28, 2015) financial statements as well as compliance with pertinent statutory and internal control regulations. Internal control systems will be documented and examined to identify any weaknesses. Any areas of identified risks by the auditor or Council members will be sufficiently examined to determine if proper policies and procedures have been followed or should be implemented. The audit will comply with GASB #34 and the GASB #45 reporting requirements. The level of audit necessary is that which at the conclusion of the audit, Council members and audit staff are satisfied that the Village's financial statements are free of material misstatements and control policies are in place or recommended that deliver efficient and lawful procedures for the Village.

Section G – RFP Response

Firms responding to the RFP will be expected to include a technical proposal to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the Village. Substance of the proposal will have more impact than the form or manner of the presentation. The proposal must contain, *at a minimum*, the following information:

- 1) Detailed Work Plan (also refer to Section F – Nature of Services Rendered)
 - a) Explanation of audit methodology
 - i) Financial Statements: Indicate the scope and level of the audit, including how the proposer will develop an understanding of the current system in place; testing of balances, transactions, and reconciliations; identify how sample thresholds are set and tested.
 - ii) Internal Control Procedures: Describe the internal control examination and its extent. The internal control systems must be examined to determine compliance with compiled laws and regulations.
 - iii) Approach to identification and examination of areas of weakness; these areas could be identified by auditors or Council members. Include any other tests of the accounting records and such other procedures the proposer considers necessary in the circumstances.
 - iv) GASB #34 Reporting Requirements: Define and delineate Village and proposer's requirements and resources needed.
- 2) Profile of Auditor
 - a) Independent Auditor: The firm should provide an affirmative statement that it is independent of the Village of Elberta as defined by generally accepted auditing standards.
 - b) Audit Firm:
 - i) 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.
 - ii) A description of the range of services performed by the firm including but not limited to this RFP, such as additional accounting and management services.
 - iii) Any additional firm information that would be helpful in the selection process.
 - c) Resources dedicated to this contract:

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- i) The proposer should identify the principal supervisory and management staff who would be assigned to the engagement. These staff members should be identified as to whether each person is a certified public accountant in Michigan, their level of governmental auditing experience and any relevant professional experience or continuing professional education during the past five years. Also identify any support staff that will be assigned to this task. Both management and support staff should be indicated whether they will be utilized on a full or part time basis for this project.
 - 3) Reports and Completion of the Audit
 - a) A report on the audit of the financial statements of the Village of Elberta for the fiscal year ended February 28, 2015.
 - b) Report on the internal accounting and administrative controls employed by the Village including any necessary recommendations.
 - c) Management Letter summarizing audit findings and recommendations.
 - d) Any supplemental reports, schedules or other items required by the State of Michigan, Federal Government, etc., including, but not limited to:
 - Street Financial Report for Cities and Villages (Act 51)
 - Annual Local Unit Fiscal Report (F65)
 - Municipal Finance Qualifying Statement
 - e) Prior to finalization of the audit report, an exit conference will be held jointly with the Village Treasurer, Village President and BFA Committee to review drafts of the management letter and financial statements.
 - f) The successful audit firm will be available throughout the year to provide technical assistance, including answers to accounting, reporting, and/or internal control questions, and other matters which may affect accounting and reporting for governmental units.
 - 4) Pricing Information
 - a) The proposal should include all pricing information relative to performing the audit engagement. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including out of pocket expenses. The bid may be broken out into the following areas:
 - i) Inclusive fee that will deliver the “Detailed Work Plan” and “Reports and Completion of the Audit” outlined above including the financial statement, internal control evaluation and identified areas of risk examination. Pricing may be broken out and assigned to the four areas of the “Detailed Work Plan” if the proposer feels this would be helpful in the selection process. Indicate fees related to GASB #34 & GASB #45. The inclusive fee shall include up to 40 hours of technical assistance throughout the fiscal year
 - ii) Hourly fees for services that may be retained above and beyond those services outlined in this RFP. Indicate hourly fees by staff classification. Note the quantity, if any, of follow-up consultation discussed in “Reports and Completion of the Audit” section if that will be included in the package bid or billed at an hourly rate to the Village.
 - 5) Time Table: The annual audit shall begin no later than ninety-five (95) days after the close of the fiscal year. Auditor availability which impacts pricing should be noted.

Section H – Proposer Warranties

The proposer will warrant that it will not delegate or subcontract its responsibilities under agreement without prior written permission of the Village Council.

Additionally, the proposer will warrant that all information provided by it in connection with this proposal is true and accurate to the best of its knowledge.

In the event that final audit reports prepared by the successful bidder are not acceptable to the State Treasurer, the successful bidder shall, at its own expense, take the necessary steps to prepare and resubmit final audit reports which are acceptable to the State Treasurer.

Section I – Contractual Arrangements

Invoices for services will be paid within 30 days from receipt. The total amount invoiced is not to exceed the bid amount unless the Village Council has approved other arrangements. The Village Council reserves the right to terminate the contract for audit at any time. Services rendered up to that point will be paid and the remaining contract will be nullified.