

**Town of Smithfield
Request for Proposals
Professional Auditing Services
January 3, 2012**

GENERAL INFORMATION

Proposal

The Town of Smithfield is seeking proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2013 and for each of the two (2) subsequent fiscal years.

All proposals must be delivered to:

Mail To:

Ellen D. Minga , Treasurer
Town of Smithfield
P.O. Box 246
Smithfield, VA 23431

Overnight To:

Ellen D. Minga, Treasurer
Town of Smithfield
310 Institute Street
Smithfield, VA 23430

ALL PROPOSALS MUST BE RECEIVED BY 5:00 P.M. LOCAL TIME, FEBRUARY 4, 2013.

The Town of Smithfield is not responsible for delays in the delivery of the mail by the U.S. Postal Service, private couriers, or the inter-office mail system. It is the sole responsibility of the Offeror to ensure that its proposal reaches the Treasurer by the designated date and hour. **Facsimile and e-mail submittals are not acceptable.**

All offerors shall abide by all applicable State and Federal laws.

The Town does not discriminate against small and minority businesses or faith-based organizations.

INQUIRIES CONCERNING RFP

Requests for "Specifications for Request for Proposal," and any questions or comments concerning this Request for Proposal should be directed to:

Ellen Minga
Treasurer
Town of Smithfield
P.O. Box 246
Smithfield, VA 23431
(757) 365-4287 – Fax (757) 365-4286
eminga@smithfieldva.gov

**SPECIFICATIONS FOR REQUEST FOR PROPOSAL
FOR
THE TOWN OF SMITHFIELD, VIRGINIA
ANNUAL FINANCIAL AND COMPLIANCE AUDITS**

I. INTRODUCTION AND BACKGROUND INFORMATION

- A. General Information** - The Town of Smithfield (the “Town”) is requesting proposals from qualified independent certified public accounting firms to perform a financial and compliance audit beginning with the fiscal year ending June 30, 2013.
- B. Contract Term** – It is the intent of the Town to enter into a three year contract beginning with services for the fiscal year ending June 30, 2013. This contract will provide for up to two additional one-year renewal options subject to the review and recommendation of the Treasurer and the satisfactory negotiation of terms (including a price acceptable to both the Town and the selected firm).
- C. Background** – The Town serves an area of approximately 10.1 square miles with an estimated 2013 population of 8,100. The 2010 census population of the Town was 8,089. The Town’s fiscal year begins on July 1 and ends on June 30.

Services- The Town provides the following services to its citizens:

- General governmental services including: police, refuse collection and disposal, recycling, water and sewer utility, and maintenance of streets and roadways.
- The Town currently has 60 full time employees and 10 part-time employees with a total payroll (excluding benefits) of approximately \$3,056,000.
- The general governmental fund is organized into six major groupings: General Government, Public Safety, Public Buildings, Public Works, Cultural and Recreation, and Community Development. The groupings contain ten major departments including Town Council, Town Manager, Treasurer, Police, Fire, Smithfield Center (conference center), Windsor Castle, Community Development, Public Works, and Public Buildings.

Fund Structure – The Town uses the following fund types and account groups in its financial reporting:

Fund Type	Adopted Annual Budget
General Fund	yes
Special Revenue Funds (Highway)	yes
Enterprise Funds (Water and Sewer)	yes (2 separate budgets)

Budgetary Basis of Accounting – The Town prepares its budget on a basis consistent with generally accepted accounting principles.

Federal and State Financial Assistance – In 2012, the Town received federal assistance directly from the federal government or as pass through funds from the following departments:

- Department of Justice
- Department of Housing and Urban Development
- Department of Transportation
- Department of Homeland Security (indirectly)

Pension Plan – The Town participates in the Virginia Retirement System, which is a Multiple-Employer Defined Benefit Plan. The Virginia Retirement System provides actuarial services for this plan. The Town also offers its employees a choice of a deferred compensation plan (457) or a ROTH IRA through ICMA-RC. The ICMA-RC offerings are optional and fully funded by the employees. The Town serves only as administrator of the plans.

Joint Ventures – The Town does have memorandums of understanding (MOUs) in place with other local governments in areas such as tourism, police, fire, and utilities. The most notable ones for the Town are tourism which is shared 50/50 with Isle of Wight County and E911 communications dispatch services which is currently shared 67% Isle of Wight County, 25% Town of Smithfield, and 8% Town of Windsor.

Finance Operations – The Town does not have a finance department. All budget and finance functions are performed in the Treasurer’s Department with the following staff:

- Treasurer
- Deputy Treasurer - 1
- Financial Analyst - 1
- Payroll/Benefits Clerk – 1
- Water/Sewer Clerk - 1
- Accounts Payable/Tax Clerk – 1
- Part-time Tax Clerks – 2

Computer Systems - The Town currently uses the BAI Municipal Software to process almost all accounting and general ledger information in the Treasurer’s office. This includes utility billing and tax collections. Exceptions include payroll which is outsourced to IOI Payroll and fixed assets which are maintained on a web data base through AssetWorks. Activity for payroll and fixed assets are posted to the general ledger through journal entries. The Town is currently exploring the possibility of changing software in the next few years.

II. CONTRACT TERM – This contract shall begin on the date of award for the audit of the fiscal year ending June 30, 2013 and continue through the completion of the audit of the fiscal year ending June 30, 2015. Upon mutual agreement of both parties, the contract can be renewed for two additional one year periods.

III. SCOPE OF WORK –

A. Auditing and Reporting Services

1. Comprehensive Annual Financial Report (CAFR) – The auditor shall express an opinion of the fair presentation of the Town’s basic financial statements as presented in the CAFR in conformity with generally accepted accounting principles.

The auditor shall also perform certain procedures in regards to the required supplementary information and supporting schedules of its individual funds given the small size and limited resources of the Town’s financial staff.

2. Single Audit – In addition, with the audit of the financial statements, the auditor shall examine, perform tests, and report on the Schedule of Expenditures of Federal Awards and all related reports according to OMB Circular-A133 Compliance Supplement requirements.

Due to the inherent risks with the new transparency and accountability requirements over the expenditures of ARRA awards, the auditor shall perform sufficient tests on ARRA grants to insure that the Town is complying with the requirements and reporting these grants according to the American Recovery and Reinvestment Act of 2009. The Town did not have any ARRA funds in FY2012.

3. APA Transmittal Forms – The Auditor of Public Accounts requires all local governments to complete Comparative Report Transmittal Forms in accordance with the provisions of the Uniform Financial Reporting Manual. The Auditor shall prepare the required forms, perform the agreed upon procedures specified in the Uniform Financial Reporting Manual, and submit the forms to the Auditor of Public Accounts by November 30 following the end of the fiscal year.
4. GFOA Certificate of Achievement – The auditor shall provide special assistance to the Town in order for the Town to meet the requirements of the Government Finance Officers’ Association of the United States and Canada (GFOA) “Certificate of Achievement for Excellence in Financial Reporting.” The Town has never applied for this certification in the past but would like to elevate the quality of its annual audit report.

5. GASB/FASB Pronouncements – The auditor shall keep the Town fully informed of new Governmental Accounting Standards Board (GASB) pronouncements and any applicable Financial Accounting Standards Board (FASB) pronouncements. If the Town encounters any difficulties in implementing and complying with the specific reporting requirements mandated by the GASB, the Town may request the auditor’s assistance to enable it to comply with those reporting requirements.
 6. Public Presentation of Audit – The auditor shall present a summary report to the Town Council at a public session no later than January 31.
- B. Auditing Standards To Be Followed -** The Auditor shall audit all funds of the Town in accordance with the auditing standards generally accepted in the United States of America; the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; the provisions of the OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations; and the Specifications for Audits of Counties, Cities, and Towns of the Auditor of Public Accounts, Commonwealth of Virginia.

In connection with the audit of the financial statements, the Auditor shall perform tests and report on compliance in accordance with Government Auditing Standards, OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations, and the Specifications for Audits of Counties, Cities, and Towns.

- C. Availability of Prior Auditors Reports and Working Papers –** Interested proposers who wish to review prior years’ audit reports and management letters should send an email to eminga@smithfieldva.gov. The Town will use its best efforts to make prior audit reports and the Treasurer’s supporting working papers available to proposers to aid their response to this request for proposals.
- 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 five years, unless the firm is notified in writing by the Town of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:
1. State Audit Agencies
 2. U.S. General Accountability Office (GAO)
 3. Parties designated by the federal or state governments or by the Town as part of an audit quality review process.
 4. Auditors of entities of which the Town is a sub-recipient of grant funds.
 5. The firm shall also respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

- E.** Contact Persons/Location of Offices – After contract awards, the auditor’s principal contact with the Town will be Ellen Minga, Town Treasurer, who will coordinate the assistance to be provided by the Town to the auditor. Ms. Minga can be notified by writing at P.O. Box 246, Smithfield, VA 23431, or by telephone at (757) 365-4287 and by Facsimile at (757) 365-4286 or by email at eminga@smithfieldva.gov.
- F.** Town’s Time Requirements – The Town is subject to certain mandated reporting deadlines imposed by legal regulations which must be met. These include the following:

The Comprehensive Annual Financial Report together with transmittal forms is due to the Auditor of Public Accounts, Commonwealth of Virginia, no later than November 30 of each year.

The Comprehensive Annual Audit Report together with the application for the Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting Program should be filed no later than December 31 of each year.

To meet these mandated reporting deadlines, the Town requires the following deadlines of the auditor:

1. An entrance conference for the purpose of discussing prior audit problems, the auditors work plan, prepared-by-client schedules and the interim work to be performed should be scheduled with the Town, no later than May 31, 2013 for the first year of the Contract. An entrance conference will not be held for subsequent years of the contract unless specifically requested by the Town or the auditor.
2. During the course of the audit, the auditor will meet as needed with the Town’s Treasurer or Town Manager.
3. The auditor shall provide the Town with both a calendar of the scheduled work and a list of required prepared-by-client schedules, system generated reports, and letters necessary for both interim work and final test work no later than June 30, 2013 for the first year of the contract, and by May 15 for subsequent years.
4. The auditor shall complete all fieldwork no later than October 31.
5. The auditor shall provide the Town with a draft CAFR by November 10, final review comments by November 20, and issue their Auditors’ opinions by November 30.

6. The auditor shall provide APA Transmittal Report and Letter by November 30.

G. Assistance To Be Provided To The Auditor And Report Preparation

1. Treasurer's Department – The Treasurer's Department has the responsibility for maintaining the general accounts of the Town and is the central oversight and coordinating department for the town wide audit of financial statements. The Treasurer's Department will provide the support necessary for the completion of a successful audit and will complete all the prepared-by-client work papers for the auditor prior to the start of fieldwork.
2. Town Departments – All Town departments will assist the auditor by assembling and making available information pertinent to the examination and providing knowledgeable personnel to meet with the auditor to explain departmental operations.
3. Office Accommodations – The Town will provide the auditor with reasonable office accommodations. The auditor will also be provided with access to the internet, telephone lines, photocopying facilities, and FAX machines. All work conducted on the Town's premises shall be accomplished between the Town's standard office hours of 9:00 a.m. and 5:00 p.m., Mondays through Fridays, unless otherwise prearranged.
4. Report Preparation – The auditor will be responsible for preparing the audit copies of the financial reports. In addition, the auditor will be responsible for the clerical preparation of the CAFR table of contents, letter of transmittal and all notes to the financial statements. The Town requests 15 bound originals of the final CAFR as well as an electronic copy.

IV. PROPOSAL SUBMISSION REQUIREMENTS

- A. General Requirements** – Proposals should be as thorough and detailed as possible so the Town may properly evaluate the capabilities of respective firms to provide the required services. Offerors are required to submit the following items for a complete proposal:
1. A statement of the offeror's understanding of the work to be performed.
 2. Information as to the offeror's background and experience, relative to the services being requested.
 3. Listing of previous clients that may be contacted as references, for whom similar services have been provided.

4. Resumes identifying the type of professional personnel that will be employed to perform the contract. Resumes should describe the experience, education, background, specific technical accomplishments, and any special qualifications applicable to contract performance. Also indicate the percentages of time each senior and higher-level personnel will be on site.
 5. Geographic location of the firm (and office carrying out the work) relative to the project.
 6. Describe the firm's participation in the AICPA-sponsored quality control program (peer review).
 7. A description of the offeror's experience with the GFOA's Certificate of Achievement for Excellence in Financial Reporting Program.
 8. Any other special experience and qualifications relative to this project desired by the offeror.
- B. Independence** – The offeror shall provide an affirmative statement that it is independent of the Town as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards and the Ethics Rules of the AICPA.
- C. License to Practice in Virginia** – An affirmative statement shall be included that the offeror and all assigned key professional staff are properly licensed to practice as certified public accountants in the Commonwealth of Virginia. Also, an affirmation that the offeror meets any and all other specific qualification requirements imposed by state or local law should be provided.
- D. Commit to Provide Continuity of Assigned Staff** – Please indicate what amount of assurance the offeror can give to the Town that the principal supervisory and management staff will continue for the full duration of the engagement.
- E. NONBINDING COST ESTIMATE** – As this is a professional services contract, the Town will request non-binding cost estimates under separate cover from one or more of the highest rated and fully qualified Offerors at a later date.

When requested, the cost estimate shall include estimated number of hours and hourly rates for all job categories that will be used to accomplish work under this contract. All costs for reimbursable items such as travel, printing, and reproduction along with a percentage (%) markup of all reimbursable items provided by an outside source such as printing and courier express must be included. If any subcontractors are to be used, a percentage markup of their cost shall be included.

The auditor's fee must be priced assuming the town will implement any GASB planned reporting changes required over the period of the contract. In proposing fees for the contract period, the offeror should assume the Town could possibly grow in size and complexity. If the offeror believes there are extraordinary changes to the Town that could require a fee increase, these should be identified. The cost estimate is to include fees for each contract year of service, FY2013 through FY2017.

V. EVALUATION CRITERIA – It is anticipated that an offeror will be selected and a contract executed between both parties by April 1, 2013. The Selection Committee will evaluate each proposal based on the following criteria:

1. Qualifications and government experience of the offeror
2. Qualifications and government experience of the assigned staff
3. Audit approach and work plan
4. Ability to complete audit by required deadlines
5. Commitment to provide continuity of audit staff
6. References from clients similar in size and complexity to the Town

The selection committee will be made up of Town Council members, the Town Manager, and the Town Treasurer.

VI. FINAL SELECTION – The Town Council will approve the award of a contract to a firm based upon the recommendation of the Selection Committee. It is anticipated that the evaluation committee will have made a recommendation for Town Council approval on April 3, 2013. Following notification of the firm selected, it is expected a contract will be executed between both parties no later than April 30, 2013.

VII. INSTRUCTIONS AND TERMS AND CONDITIONS –

- A. Submission of Proposals – One original and five copies of the proposal must be received by the Town Treasurer at the Town of Smithfield, 310 Institute Street, Smithfield, VA 23430. Proposals must be received by the due date noted on the cover page of the RFP. **It is the Offeror's sole responsibility to ensure that the Town receives their proposal.** Each proposal must be sealed and marked as RFP for Audit Services. Only those proposals stamped **BEFORE** the hour specified as the due date will be accepted by the Treasurer's Office.
- B. Right to Reject Proposals – 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 Town and the firm selected. The Town reserves the right, at any time prior to award of the contract, to reject any or all bids after all have been examined, issue a new Request for Proposal, make modifications, corrections, or additions to the information contained herein, or to accept the Bid of the Offeror which it deems most favorable to the interests of the Town.

- C. Inquiries – ALL inquiries concerning the request for proposals and the subject of the request for proposals must be made in writing to: Ellen Minga, Town Treasurer at eminga@smithfieldva.gov. Inquiries should include the text “Audit Service Questions” in the subject line.
- D. Disposition of Proposals – All materials submitted in response to this RFP will become the property of the Town. One (1) copy of each proposal shall be retained for official files and will become a public record after the award and will be open to public inspection. It is understood that the proposal will become a part of the official file on this matter without obligation on the part of the Town except as to the disclosure restrictions contained in Section E “Disclosure”.
- E. Disclosure – All proposals will be available for public inspection after the contract award. Trade secrets and proprietary information submitted by a vendor in connection with a procurement shall not be subject to public disclosure under the Virginia Freedom of Information Act, however, the Offeror must invoke the protection of this section prior to or upon submission of the data or other materials and must identify the specific area or scope of data or other materials to be protected and state reasons why protection is necessary. An all-inclusive statement that the entire proposal is proprietary is unacceptable.
- F. Cost Incurred in Responding – This solicitation does not commit the Town to pay any costs incurred in the preparation and submission of proposals or in making necessary studies or designs for the preparation thereof.
- G. Laws and Regulations – The Offeror’s attention is directed to the fact that all applicable Commonwealth of Virginia laws, municipal ordinances and the rules and regulations of all authorities having jurisdiction over the contract shall apply to the contract throughout, and they will be considered to be included in the contract the same as though herein written out in full.
- H. Ethics in Public Contracting – By submitting their proposal, all offerors certify that their proposal is made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer, or sub-contractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than normal value, present or promised unless consideration of substantially equal or greater value was exchanged.
- I. Anti-Discrimination – By submitting their proposal, offerors certify to the Town of Smithfield that they will continue to conform to the provisions of the Federal Civil Rights Act of 1964, as amended, the Virginia Fair Employment Act of 1975, as amended, where applicable and Section 2.2-4311 of the Virginia Public Procurement Act.

1. During the performance of this contract, the offeror agrees as follows:
 - a. The offeror will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the offeror. The offeror agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - b. The offeror, in all solicitations or advertisements for employees placed by or on behalf of the offeror, will state that such offeror is an equal opportunity employer.
 - c. Notices, advertisements and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.
 2. The offeror will include the provisions of the foregoing paragraphs a, b, and c in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.
- J. Drug-Free Workplace – By submitting their proposal, offerors certify to the Town of Smithfield that they will conform to the provisions of Section 2.2-4312 of the Virginia Public Procurement Act. Offerors agree to (i) provide a drug-free workplace for the offeror’s employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the offeror’s workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the offeror that the offeror maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.
- K. Immigration Reform – By submitting a proposal, offerors certify that they will not and shall not knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.
- L. State Corporation Commission Identification Number – Pursuant to Code of Virginia, Section 2.2-4311.2 subsection B, a bidder or offeror organized or authorized to transact business in the Commonwealth pursuant to Title 13.1 or Title 50 is required to include in its bid or proposal the identification number issued to it by the State Corporation Commission (SCC). Any bidder or offeror that is not required to be authorized to transact business in the Commonwealth as a foreign business entity under Title 13.1 or Title 50 or as otherwise required by law is required to include in its bid or proposal a statement describing why the

bidder or offeror is not required to be so authorized. Link to the Virginia State Corporation Commission site: <http://www.scc.virginia.gov/>.

- M. Authority to Bind Firm in Contract – An official authorized to bind the Bidder shall sign each bid. Bids must be firm for the sixty (60) days immediately following the date of submission of the sealed bid. At the end of the 60-day period, the bid may be withdrawn at the written request of the Bidder. If the bid is not withdrawn it will remain in effect until an award is made or the solicitation is cancelled.