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www.lakeisabellami.org

To: Invited Bidders  
From: Tim Wolff, Village Manager  
Re: Three-Year Audit Agreement RFP  
Date: March 3, 2017

Dear Bidders,

I would like to invite your firm to submit proposals to provide auditing services for the next three audits for the Village of Lake Isabella. Enclosed with this invitation is an official RFP for your firm to use in this process. Additional copies can be obtained on our website under the "Notice to Bidders" tab. If you have questions relating to the Village or services desired after reviewing the RFP please feel free to contact me at your convenience.

Our schedule for this process is as follows:

<b>Step</b>	<b>Date</b>
Bids Mailed Out	March 3 <sup>rd</sup>
BIDS Due	March 31 <sup>st</sup>
Initial Review by Finance Committee	Early April
Finance Committee Recommendation	Mid-April
Award by Village Council	April 25 <sup>th</sup>

In full disclosure, we have invited the following firms to participate in this RFP:

- Plant Moran – Grand Rapids
- Rehmann - Saginaw
- Yeo & Yeo - Alma
- Berthiaume & Company
- Roslund, Prestage & Company
- Weinlander Fitzhugh
- Abraham & Gaffney
- Lake Michigan CPA Services
- Gabridge & Company (Current Firm)

I look forward to hearing from your company. Again, I am available to answer any questions that you may have on this proposal. I have enclosed my business card with contact information that you are free to use. Thank you in advance for considering the Village of Lake Isabella as a client.



**REQUEST FOR PROPOSAL (RFP)**

**VILLAGE OF LAKE ISABELLA  
(ISABELLA COUNTY, MICHIGAN)**

**FOR**

**PROFESSIONAL SERVICES  
TO CONDUCT A  
FINANCIAL AUDIT OF THE VILLAGE OF LAKE ISABELLA  
FOR FISCAL YEARS:**

**7/1/2016 – 6/30/2017**

**7/1/2017 – 6/30/2018**

**7/1/2018 – 6/30/2019**

**PROPOSAL DUE DATE  
March 31, 2017 (4:00 PM Local Time)**

## **NOTICE OF PROPOSAL**



The Village of Lake Isabella is issuing this request for proposal (RFP) from qualified firms of certified public accountants to audit the financial statements for fiscal year periods ending June 2017, 2018, and 2019, for professional services which will include the following:

1. A financial audit of the Village's financial statements – including component units.
2. Provide advice and assistance in preparing the Village to meet new Audit Standards.
3. Completion and submission of all required annual financial reports to state and federal agencies. (Not limited to F65, Act 51 with the new PA 298 requirement, MDOT performance Audit, and Bond Qualifying statements)
4. Presentation of final audit to the Lake Isabella Village Council upon completion must be done by a principal or senior who worked directly with staff during the audit.

The contact person regarding this RFP is Timothy R. Wolff and can be reached at the Village Hall by either email ([tim@lakeisabellami.org](mailto:tim@lakeisabellami.org)) or via telephone (989.644.8654).

### **AUDITING STANDARDS**

The auditor's examination will be conducted in accordance with the standards for financial audits contained in Audits of State and Local Governments (and if necessary, compliance audit standards contained in the Government Auditing Standards, issued by the U.S. General Accounting Office, the Federal Single Audit Act and the provision of the Office of Management and Budget's (OMB) Circular A – 133) and, accordingly, will include any other tests of the accounting records and such other auditing procedures the auditors consider necessary in the circumstances, including the requirements of Michigan Act #2, PA of 1968, as amended.

### **ASSISTANCE PROVIDED BY THE VILLAGE'S FINANCIAL STAFF**

The Village staff will provide the auditor with information as agreed to with the pre-audit planning conference, however, it is expected that the auditor will be primarily responsible for the drafting and preparation of the financial statements, including the footnotes, in compliance with generally accepted accounting principles and the State of Michigan's Uniform Reporting Format.

### **MANDATORY QUALIFICATION OF THE AUDITORS**

The following information must be affirmed in the proposal response:

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 does not have a record of substandard audit work. Please disclose the controls your firm has in place to ensure quality standards have been met. Also,

disclose whether your firm is subject to an external quality control review process and enclose a copy of your firm's most recent peer review report.

## **WORKING PAPERS**

The working papers shall be retained for at least three (3) years. The working papers will be available for examination by authorized representatives of the State of Michigan, and, if required, the cognizant federal audit agency and the General Accounting Office. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers related to matters of continuing accounting significance.

## **RIGHT TO REJECT**

The Village reserves the right to reject any and all proposals submitted and to request additional information from all proposers. Any contract awarded will be made to the independent auditor who, based on evaluation of all responses, applying all criteria and oral interviews if necessary, is determined to be the best qualified to do the audit.

## **NUMBER OF COPIES OF AUDITOR'S REPORTS**

The auditor shall furnish the Village 15 copies of all required reports. In addition, the auditor shall furnish and file the requested number of copies for each federal and state agency, as applicable.

## **CONTRACTUAL ARRANGEMENTS**

Invoices for service will be paid when received. The total amount to be invoiced shall not exceed the amount of the bid unless other arrangements have been negotiated with the Village first. The cost of audits for subsequent years or services beyond this RFP will be negotiated each year or as needed. The Village reserves the right to terminate the contract for audit at any time. The contracted time period may be extended at the discretion of the Village for two (2) additional years.

## **METHOD OF EVALUATING PROPOSALS**

Proposals will be evaluated with a strict emphasis on quality. Attributes which will be analyzed include:

### Evaluation Worksheet

1. Number of governmental entities audited by CPA firm proposing.
2. Firm's governmental resources available.
3. Involvement in municipal activity and organizations.
4. Training of personnel in governmental (and federal grant) auditing.

5. Demonstrated knowledge of new audit standards and assisting governmental units with implementation and maintenance of those standards.
6. Quality of staff included in assignment.
7. Reference responses.
8. Internal quality control procedures and external quality control review.



## **FORMAT OF THE RFP RESPONSE**

It is suggested the RFP response be formatted as follows:

### Title Page

The response should identify the RFP subject and the name of the independent auditor, local address, telephone number, name and title of contact person and date of submission. The time period for which the proposal is effective should be disclosed.

### Table of Contents

The table of contents of the proposal should include a clear and complete identification of the materials submitted by section and page number.

### Letter of Transmittal

The letter of transmittal should contain the following information:

1. A brief understanding of the audit service to be performed.
2. A positive commitment to perform the service timely.
3. The names of persons authorized to represent the respondent, their titles, addresses and telephone numbers. This may be important if different from the individual who signs the transmittal letter.

## **PROFILE OF THE INDEPENDENT AUDITOR**

The respondents are requested to provide a profile of general background information. This should include:

1. The organization and size of the respondent, whether it is local, regional, national or international in operations and the location of the office from which the work is to be done.
2. A description of the range of activities performed by the firm such as auditing, accounting, tax service or management services.
3. A description of the firm's expertise regarding new audit standards including training, educational presentations, articles and a summary of how your firm has assisted its clients with the successful implementation of those standards.
4. The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the Village of Lake Isabella or any of its agencies or component units 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.

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5. A positive statement that the following mandatory criteria are satisfied.
    - A. An affirmation that the proposer is properly licensed for practice as a certified public accountant and an affirmation that the proposer meets the independence requirements of the Government Accounting Standards.
    - B. An affirmation that the proposer does not have a record of substandard work.

### **SUMMARY OF THE PROPOSER'S QUALIFICATION**

Identify the audit managers and field supervisors and other staff who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for auditor in-charge up to the individual with final responsibility for the engagement should be included. (The resumes may be included as an appendix)

### **PROPOSER'S APPROACH TO THE EXAMINATION**

Submit a work plan to accomplish the scope of the audit. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned. The audit work plan should completely cover what audit work will be accomplished to allow the auditor to render:

1. A report on the study, evaluation, and report on internal control systems.
2. Reporting on the organization's control system to assure compliance and whether the organization has complied with laws and regulations that may have an effect on each major federal assistance program.

### **TIME REQUIREMENTS**

If not already adequately covered in the letter of transmittal, the response should detail information on when the audit firm plans to deliver the final reports.

### **COMPENSATION**

Provide a not-to-exceed cost of each of the services being offered for each year of the engagement. Additionally, provide current hourly rates by staff classification for additional services which may be requested by the Village.



## REQUEST FOR PROPOSAL – ANNUAL AUDIT

### FIXED COMPONENT – AUDIT & REPORTING SERVICES

Fiscal Year	Audit Lump Sum Price	Additional Hourly Rate
<b>2016-2017</b>		
<b>2017-2018</b>		
<b>2018-2019</b>		

### Submission Certification

Company: \_\_\_\_\_

Contact Person & Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City, State ZIP: \_\_\_\_\_

Phone #: \_\_\_\_\_

Email: \_\_\_\_\_

Signature & Date: \_\_\_\_\_ / \_\_\_\_\_

**BIDS DUE BY 4 PM (LOCAL TIME) ON FRIDAY, MARCH 31, 2017.** The Village

**of Lake Isabella reserves the right to reject any or all bids.**