

RICHMOND-CAROLINA FIRE DISTRICT

Request for Proposal- FY21 Auditing Services (Options for FY22 & FY23)

INTRODUCTION

The Richmond-Carolina Fire District is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending **June 30, 2021**, with the option of auditing its financial statements for each of the 2 subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, established by the American Institute of Certified Public Accountants, and the standards set forth for financial audits in the *Government Auditing Standards* issued by the Comptroller General of the United States.

Each year a determination shall be made whether the fire district has expended federal awards and the applicability of the provisions of the federal Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996. If applicable, these audits are to be performed in accordance with the provisions of the federal Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance) - Subpart F – Audit Requirements.

To be considered, 4 copies of a proposal must be received by **Brian M. Rosso, Treasurer, Richmond-Carolina Fire District, 208 Richmond Townhouse Rd., Carolina, RI 02812** by: **10:00 AM on May 28, 2021**, at which time they will be opened. The Fire District reserves the right to reject any or all proposals submitted.

BACKGROUND INFORMATION

The District provides fire protection and rescue services to approximately two-thirds of the town of Richmond, Rhode Island, population approximately 5,000 of the town's 7,500. The District has three fire stations, four pumpers, one tanker, one heavy rescue, one utility truck, and one chief's vehicle. The District is governed by legislative charter overseen by a five-member elected Board of Directors. Elected Fire District chief and two elected deputies have 3 seats on 5-member board, with 2 at-large seats. The District has an appointed clerk, treasurer, and tax collector. The District has an annual meeting of voters to approve budget and elect officers. District has taxing authority based on property value. Voters and residents are the appropriating authority. The District utilizes QuickBooks and Opal software systems for bookkeeping and property tax records.

The District operates with a General Fund that includes certain receipts, reserves and balances for specific designations as well as general operating expenses. The District's operating budget for Fiscal 2021 is \$647,344. The District's last completed audit was for the fiscal year ended June 30, 2020.

Chairman of the Board

Randy Petrichko
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District Treasurer

Brain M. Rosso
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District Chief

Scott W. Barber
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District Tax Collector

Elizabeth Monty
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PROPOSAL CALENDAR

Request for proposals issued	April 28, 2021
Pre-proposal Questions	May 12, 2021
Due date for proposals	May 26, 2021

EVALUATION OF PROPOSALS

An evaluation committee will evaluate the proposals using the following scoring weights resulting in a maximum score of 100 points:

	Maximum points
Overall qualifications and experience of the firm and the specific engagement personnel to be assigned focusing on experiences with governmental entities and the specific line of business or services provided by the entity to be audited.	40
Overall audit approach and audit strategy described/outlined in the proposal and firm capacity to perform the engagement within the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)	30
Audit fees - See formula for points awarded for audit fees (*) 30	30
Maximum evaluation points 100	100

* Evaluation technique – audit fees

Audit fee score = (lowest bid/bid for firm being evaluated) X 30 points

Example: Assuming 3 bids received were: (firm A) - \$40,000, (firm B) - \$46,000, (firm C) - \$50,000

Firm A (the lowest bidder)	awarded 30 points	$\$40,000/\$40,000 \times 30 \text{ points} = 30$
Firm B	awarded 26 points	$\$40,000/\$46,000 \times 30 \text{ points} = 26$
Firm C	awarded 24 points	$\$40,000/\$50,000 \times 30 \text{ points} = 24$

NOTIFICATION AND CONTRACT DATES

Selection of Award by the Board of Directors	May 27, 2021
Final Approval of the RI Auditor General	June 10, 2021
Notification of Award	June 17, 2021
Contract date	June 24, 2021

DATE AUDIT MAY COMMENCE

The Fire District will have records and draft financial statements ready for audit and available by **August 1, 2021**.

DUE DATES FOR COMPLETION OF AUDIT AND DELIVERY OF REPORTS

The annual audit shall be completed and final audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to the fire district, the Town Clerk for the Town in which the fire district is located, the State Auditor General, and the State Division of Municipal Finance within six months after the close of the fiscal year for each year (as required by Section [45-10-4](#) and [44-5-69](#) of the General Laws). For example, for a fire district with a fiscal year ending June 30, the reports must be filed by December 31 of each year.

The additional audit reports relating to federal awards (if applicable) and required by the Single Audit Act of 1984, as amended in July 1996, shall be submitted no later than nine months after the close of the fiscal year for each year. Refer to the applicable OMB Guidance in effect for the audit period for further details on the requirements.

QUALIFICATIONS OF AUDITOR

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid certificate from the State of Rhode Island or from any other state with whom the State Board of Accountancy has a reciprocal relationship.
2. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits shall meet the continuing educational requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.
3. The audit organization shall have an appropriate internal quality control system in place and participate in an external quality control review program as required by *Government Auditing Standards*.
4. The audit organization shall provide a copy of their most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract to the fire district and the Auditor General.
5. The audit firm shall have at the time of proposal, and throughout the period of engagement, professional liability insurance coverage of not less than \$1 million.
6. The audit firm must meet the independence requirements of the American Institute of Certified Public Accountants.

AUDIT CONTRACT

1. The audit contract may cover one, two or three fiscal years. Each year must be treated as a separate audit. The contract period shall not exceed three years.
2. Audit contracts covering more than one year shall specify an audit fee for each year. The audit fee shall be inclusive of all expenses.
3. Continuation beyond the initial fiscal year of the three-year contract will be at the discretion of the fire district.
4. Any representations made with the submission will be relied upon and if proven to be false will be grounds for termination of the contract, if awarded. False representations will also be grounds for forfeiture of all payments under the contract. This will not limit the fire district from seeking any other legal or equitable remedies.

ADDITIONAL WORK

1. Any amendments to the contract for additional work will be negotiated in good faith.
2. In accordance with *Government Auditing Standards*, if the firm provides non-audit services, it must evaluate whether providing the services creates independence impairment with respect to the audit of the fire district.

AUDIT STANDARDS

1. The audit shall be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

2. If a single audit is required, then the standards contained in the amended (July 1996) Single Audit Act of 1984 and the provisions of OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance) - Subpart F – Audit Requirements, must also be followed.

AUDIT SCOPE

The financial statements to be presented and reported upon by the private auditor shall include:

- Basic financial statements, which will include government-wide financial statements, fund financial statements, and notes to the financial statements in conformity with generally accepted accounting principles and as required by the Governmental Accounting Standards Board;
- The auditor shall also be responsible for performing certain limited procedures involving required supplementary information as required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
 - Required Supplementary Information:
 - Management’s Discussion and Analysis
 - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 - Schedules related to defined benefit plans and OPEB plans, if applicable
- Supplementary financial statements, schedules and information (with auditor’s opinion reference that they are fairly stated in all material respects in relation to the basic financial statements as a whole):
 - Tax Collector’s Annual Report - a statement as to uncollected taxes outstanding at the close of the last fiscal year according to the years for which the taxes were assessed;
 - The Tax Collector’s Annual Report should be presented in accordance with the revised format requirements of the RI Department of Revenue - Division of Municipal Finance (contact the Division for the most current template).

Modify as applicable:

- Combining Fund-level Statements (*at the option of the fire district*)
- Supplementary schedule of expenditures of federal awards, if applicable.
- Major Federal Programs: If applicable, an audit of major programs in accordance with criteria outlined in OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance) - Subpart F – Audit Requirements, and
- Other schedules as may be required by the fire district.

AUDIT REPORTS

Draft copies of all audit report(s) and the management letter shall be submitted to the Treasurer of the fire district prior to the exit conference so that there will be adequate time for review.

Reports to be submitted, depending on the scope of the engagement, may include:

- a. Reports on:
 1. the fair presentation of the basic financial statements in accordance with generally accepted accounting principles based upon an audit performed in accordance with generally accepted auditing standards *and Government Auditing Standards*. The auditor shall also make reference to, but not opine on, required supplementary information consistent with reporting guidance in the applicable AICPA Audit Guide.
 2. supplementary financial statements, schedules and information, are fairly stated in all material respects in relation to the basic financial statements as a whole.
 - a. The supplementary information shall include combining financial statements (if applicable) and the Tax Collector's Annual Report.
 3. internal control over financial reporting and on compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- b. Reports required under trust agreements, loan agreements, etc., if applicable.
- c. Reports and summaries related to major federal financial assistance programs as required by OMB Guidance (the auditor should refer to applicable OMB guidance in effect and the applicable AICPA Audit Guide for reporting guidance).
- d. Other reports requested by the fire district, as applicable.

MANAGEMENT LETTER

A management letter, if applicable, shall be provided upon completion of the audit to those charged with governance (e.g.: *governing board, fire chief, finance officer, etc.*) of the fire district, with copies to the Division of Municipal Finance and the Auditor General.

The management letter should include comments, and/or recommendations beyond those included in the reports described above, on such matters as:

- policies, procedures and practices employed by the fire district.
- control deficiencies that are not significant deficiencies or material weaknesses.
- use of resources to provide a governmental service in a reasonable, judicious, economical, and efficient manner.
- compliance with state laws pertaining to the fire district and with rules and regulations established by the fire district.

ADDITIONAL INFORMATION TO BE PROVIDED TO THE FIRE DISTRICT

Proposer technical qualifications - the proposer shall, at a minimum, describe the following in the proposal:

- the current status of the professional license of the firm, partner-in-charge, and senior accountant in charge of the fieldwork;
- staffing information including: firm size, number of staff allocated to the audit job, relevant qualifications and experience of each person assigned to the audit job;
- Identification of any sub-contractors, co-proposers, or other entity that will be used to provide the professional services sought by the request for proposal;
- the amount and type of professional liability coverage;
- list of any professional complaints pending or resolved against the firm or any of its partners with the state boards of accountancy, or any self-regulatory, professional or government authority including but not limited to the AICPA, or Rhode Island Board of Accountancy;
- information regarding any lawsuits or claims against the firm, pending or resolved;
- a statement of relevant experience including a list of governmental audits performed in the last five years;
- audit client references that may be contacted regarding professional services provided previously; and
- expected time budget and completion date for the audit;

Representations - the following representations shall be provided as part of the proposal:

- a written representation that there exist no client conflicts which would inhibit the ability to perform the audit in accordance with professional standards;
- a written representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*;
- a written representation that the private auditor meets the continuing educational requirements of *Government Auditing Standards*;
- a written representation that any sub-contractors, co-proposers, or any other entity providing professional services under the engagement will be subject to, and will have met, all the same applicable requirements as the proposer;
- a written representation that the private auditor has an appropriate internal quality control system in place and has participated in an external quality control review program as required by *Government Auditing Standards*. The firm will provide the Fire District and Auditor General with a copy of its most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract to the fire district and the Auditor General; and
- a written representation that the private auditor is familiar with generally accepted accounting principles for state and local government units and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act of 1984 as amended in July 1996; the

provisions of OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance) - Subpart F – Audit Requirements. The private auditor will conduct the audit and report in accordance with those standards.