

**ST. JAMES TOWNSHIP
ANNUAL FINANCIAL AUDIT RFP
MAY 7, 2015**

NOTICE TO BIDDERS

St. James Township, Charlevoix County will be accepting bids for annual audits for three (3) years, beginning with fiscal year ending March 31, 2015. All bids must respond completely to the requirements outlined in the REQUEST FOR PROPOSAL. A copy of the RFP may be obtained from the Township Clerk, who may be contacted at P.O. Box 85, Beaver Island, MI 49782, (231) 448-2915. Bids that do not conform to the requirements may be rejected. Bids are to be mailed or delivered to the Township Clerk at the above address in a sealed envelope marked **ST. JAMES TOWNSHIP ANNUAL AUDIT** no later than 4:00 p.m. on Wednesday, May 27, 2015. Bids will be publicly opened and read at that time.

St. James Township reserves the right to reject any or all bids, or any part thereof at its discretion, and to waive any irregularities in the bidding to accept the proposal which best meets the needs of the Township, irrespective of price. The Township prepares its specifications to afford all vendors an equal opportunity to compete.

REQUEST FOR PROPOSALS

St. James Township invites all qualified independent certified public accounting firms to submit proposals to perform three annual audits. The audit will be of the general purpose financial statements and records of the various funds of St. James Township. Fund accounting reporting and the Governmental-Wide Financial Reporting required by GASB 34 will also be required. The time period will be for the fiscal years ending March 31, 2015, 2016, and 2017. The audit shall be a financial examination of all the Township's funds. It will comply with all pertinent laws and regulations that govern the Township, including those of the United States and the State of Michigan. The audit will not include a single audit however must be conducted in accordance with generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants using Governmental Auditing Standards and Budget Circular A-133, "Audits of State and Local Governments", if required.

General Information

All responding firms are asked to respond completely to the attached requirements for performing the audit. The Proposal requires a not to exceed fee (or estimated hourly rate for audit services requested) for each year of the audit and also requires a three-year maximum lump sum fee. Any alternate proposals providing for discounts should be proposed and detailed separately. Please include the percentage of discount.

Copies of all available Financial Reports for St. James Township will be made available if requested.

Reports Required

1. The auditor shall render an opinion on the financial statements prepared in accordance with generally accepted accounting principles, the Statements of the Governmental Accounting Standards Board (GASB) and Michigan Department of Treasury's Uniform Reporting Format for Financial Statements and Local Units of Government in Michigan and O. M. B. Circular A-133, if a Single Audit is required.
2. The Audit Firm will prepare and type all sections of the financial statements. The auditor will include access to work papers necessary for the preparation of the financial statements. The auditor shall submit two (2) copies of all reports to the Michigan Department of Treasury.

The auditor shall submit the audit reports to Michigan Department of Treasury no later than September 30th of each year.

Reports on Finding of Suspected Fraud and/or Embezzlement

During the course of an audit, the independent certified public accountant should be constantly aware of the possibility of fraud and/or embezzlement. If the auditor's examination reveals there is a possibility of fraud or embezzlement, an "oral report" should be immediately made to the Deputy State Treasurer in charge of the Local Government Audit Division of the Michigan Department of Treasury. This oral report should be promptly followed up by a written report to the Deputy State Treasurer, disclosing the independent certified public accountant's findings.

Exit Conference

An exit conference may be held by the Auditors with the appropriate officials at the request of St. James Township. The Auditor shall have a draft of the letter of comments and recommendations at the exit conference.

Proposal

The CPA firm's proposal shall be organized as follows:

A. Title Page

Show the RFP subject, the name of the firm, local address, telephone number, name of the contact person, and the date.

B. Table of Contents

Include an identification of the material by section and by page number.

C. Letter of transmittal

Limit to one or two pages.

1. Briefly state the proposer's understanding of the work to be done.
2. State the all inclusive fee (or hourly rate) for which the work will be done.
3. State the name of the persons authorized to make representations for the firm, their titles, addresses, and telephone numbers.
4. State that the person signing the letter will be authorized to bind the proposer.

D. Profile of the Proposer

1. State whether the firm is local, regional or international.
2. State the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at the office. Preference will be given to firm with a presence in the Northern Michigan Area.
3. Describe the range of activities performed by the local office such as auditing, accounting, tax service, or management services.

E. Mandatory Criteria

1. Affirm that the proposer is a properly licensed certified public accountant in the State of Michigan.
2. Affirm that the proposer meets the independence standards of the GAO Government Auditing Standards.
3. The proposer shall maintain no less than \$10 million of professional liability insurance. Please provide a copy of the Firm's proof of insurance as an appendix to the proposal.
4. With respect to the Firm's tri-annual peer review, please provide the following information related to your most recent peer review:

- a. Explain in detail the Firm's process in hiring a peer review firm.
 - b. Is your peer review firm national, regional or local (preference will be given to those who choose to use regional or national firms with significant experience in conducting peer reviews).
 - c. During the firm's most recent peer review, was there an ON-SITE observer from the AICPA?
 - d. How much on-site time was spent by the peer review firm?
 - e. How many engagements were selected during the peer review process and were GASB and Michigan Township engagements subject to their review?
 - f. How much does the firm invest in the peer review process in terms of fees, hours and overall involvement of the firm's partners, professional staff and administrators.
 - g. Please provide a copy of your most recent peer review report
5. The proposer MUST comply with Public Act 517 of 2012 and provide the required information within your proposal.

F. Summary of the Proposer's Qualifications

1. Identify the supervisors who will work on the audit. Resumes' including relevant experience and continuing education for each person assigned to the audit should be included. (The resumes' may be included as an attachment).
2. Please include information on all members of the engagement team including professional qualification, certifications, years of experience and experience in working with Michigan Township Governments.
3. How many of the firm's professionals are CGFM's and how many CGFM's will be assigned to the St. James Township engagement?
4. Does the firm have any clients that have achieved the Certificate of Excellence from the GFOA? Does the firm have any GFOA reviewers?
5. Provide information related to the firm's turnover of employees and how the firm manages this within a long term relationship.
6. Provide information on how your firm would be able to accommodate a requested change in auditor(s) within your firm – from partner to staff. Would the firm have sufficient resources to accommodate such a request?
7. What type of formal training does the firm offer to its clients? What is the cost of attending and where is the location for this training?
8. List the recent auditing experience of Local Units of Government in Michigan.

G. Proposer's Approach to the Examination

Submit a work plan to accomplish the scope defined in the request of proposal. The work plan should include time estimates for each significant segment of the work and the staff level to be assigned.

1. Financial Audit

- a. State whether the examination will be in accordance with generally accepted auditing standards.
- b. State that the primary purpose of the examination is to express an opinion on the financial statements and that such an examination is subject to the inherent risk that errors or irregularities may not be detected. State that if conditions are discovered which leads to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, the auditor will promptly advise the Township. And finally, state that no extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

H. Compensation

State the total hours and hourly rate required by staff classification and the resulting all-inclusive maximum fee (or estimated rate per hour for services) for which the requested work will be done. Price to include the General Audit with a cost per any single audits which may be required.

I. Time Table

Submit a schedule of dates for:

1. Commencement of field work.
2. Completion of field work.
3. Exit Conference.
4. Presentation to Board of Trustees for audit approval.

J. Additional Data

Any additional information considered essential to the proposal should be included in this section. If there is no additional information to present, state "There is no additional information we wish to present."

Submission of Proposals

All proposals shall be submitted to the St. James Township Supervisor, Beaver Island, MI no later than 4:00 p.m. on Friday May 22, 2015 in a sealed envelope clearly marked "Sealed Bids, St. James Township Audit Proposal."

The Township of St. James reserves the right to reject any and all proposals submitted and to request additional information or negotiate with all proposers.

The award of the audit will be made to the CPA firm which, in the opinion of St. James Township, is the best qualified to meet the Township's needs in performing the audit.

Questions About the Audit

Any questions that may arise concerning the RFP or the financial records of the Township Supervisor may be addressed to the St. James Township Supervisor, telephone (231) 448-2014.

Additional Requirements

Working papers prepared during the examination must be retained for a minimum of three (3) years. Additionally, work papers may be subject to review by authorized representatives of federal, state, or municipal agencies.

If, for any cause, the successful bidder fails to fulfill in a timely and proper manner obligations under the awarded agreement, or if the successful bidder violates any of the agreements or stipulations of the awarded agreement, the Township shall thereupon have the right to terminate the awarded agreement by giving written notice to the successful bidder of such termination and specifying the termination date thereof. In the event of termination all property prepared by the successful bidder under the awarded agreement shall, at the option of the Township, become the property of the Township.

The successful bidder will prepare the following number of bound copies at the bidder's own expense:

1. 8 copies of the Financial Report, including all accounts and funds. Also included in the Report will be the notes, tables, and transmittal letter of the successful bidder. Also required is electronic form of the audit to meet State and Federal requirements. The report shall include General Purpose Financial Statements as Required by GAAP with all of the following:
 - a. Governmental Fund Statements
 - b. Proprietary Fund Statements
 - c. Fiduciary Fund and component unit statements
 - d. Governmental-wide Financial Statements

- e. And all other disclosures, reports/notes required by GASB 34 and GAAP.
2. A report on compliance according to Federal and State statutes including requirement of OMB-133, if required.
3. A management letter referencing the weakest areas of the audit (including internal controls), if any, with suggested steps for improvement for all items listed in the management letter.
4. A supplementary schedule of the Township's federal financial assistance programs. This report should show total expenditure by each program, compliance in accord with applicable laws, and an internal control evaluation, if applicable.
5. Telephone consultation during the year for various items as needed.

Township officials will have completed bookkeeping functions prior to the commencement of the audit, and will have prepared or assisted in preparation of the necessary detailed schedules. They will be available during the examination to answer questions and provide assistance. Likewise, auditor will be available to Township officials to answer questions and assist throughout the term of agreement for routine questions without additional cost or if there is a cost, please be prepared to provide an hourly rate for these questions.

Completion of the audit and all working papers would be expected by September 15 following the end of the fiscal year.

It is the intent of the Township to formalize an agreement each year with the successful bidder in the form of an engagement letter that follows:

This letter confirms our understanding regarding the examination of the general-purpose financial statements of St. James Township, Charlevoix County, Michigan for the year ended March 31, 2015 (2016 and 2017).

The examination of these funds will be performed in accordance with generally accepted auditing standards. It will include tests of the accounting records and other auditing standards. It will include tests of the accounting records and other auditing procedures necessary to enable the auditor to express an opinion of the fairness with which the financial statements present, in all material respects, the financial position resulting from operations in accordance with generally accepted accounting principles applied on a consistent basis with the prior reporting period.

Questions regarding the RFP should be addressed to Stephen M. Peacock, Rehmann, 107 S. Cass St., Suite A, Traverse City, MI 49684, (231) 946-3230.