



**REQUEST FOR PROPOSAL TO PROVIDE INDEPENDENT AUDIT SERVICES
FOR THE TOWN OF THATCHER, ARIZONA**

FINAL DATE FOR RFP QUESTIONS: Thursday, June 15, 2023, at 5 pm

RFP SUBMITTAL DUE DATE: Thursday, July 6, 2023, at 5 pm

To be considered in the bidding process, the proposing independent auditing firm must meet the following minimum criteria:

1. The firm must meet the *Government Auditing Standards'* continuing professional education, independence, peer review, and licensing requirements (A.R.S. §9-481).
2. The firm must have experience in governmental auditing. The experience must have been on an entity-wide basis, and an opinion must have been issued.
3. The firm must be able to meet the reporting deadlines described in the following Request for Proposal.

We look forward to working with you in utilizing the services the auditing profession has to offer.

**Town of Thatcher
3700 W. Main St.
Thatcher, AZ 85552**

**Heath Brown
Town Manager**

BACKGROUND INFORMATION

The Town of Thatcher covers approximately 6.5 square miles in Graham County, Arizona. The Town was established in 1888 and incorporated in 1899. The Town of Thatcher provides a full range of municipal services including administration, police, volunteer fire, parks, street maintenance, and utility services (electric, sewer, and sanitation). The Town operates under the Council-Manager form of government within State law. The adopted 2022-2023 budget is \$18.9 million which includes 40 FTEs. The Town provides services to a resident population of approximately 5,300.

The Town reports the following major governmental funds: **General Fund, Highway User Revenue Fund, Special Reserve Expenditures, Debt Service, and Improvement District Fund**. The Town reports the following major enterprise funds: **Electric, Sewer, and Sanitation**.

Total budgeted government-wide revenues for all funds and component units are \$15,411,981 for the fiscal year ending June 30, 2023. The Town of Thatcher currently uses *Caselle* as its comprehensive accounting software.

The Town of Thatcher is required by State law to provide an annual audit of its financial statements by a Certified Public Accountant in accordance with generally accepted auditing standards. This requirement includes 1) a financial statement audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 2) a State Compliance Audit, in accordance with the *State Compliance Audit Guide*, issued by the Office of the State Auditor of Arizona, 3) an Annual Expenditure Limitation Report, and 4) depending on levels of federal funding, a Single Audit in accordance with the Single Audit Act and OMB Circular A-133. This audit must be submitted to the State Auditor's Office within six months after the end of the fiscal year.

II. OBJECTIVE AND SCOPE

The purpose of this request for proposal (RFP) is to enter a contract with a certified public accounting firm to provide financial audit services for the fiscal year ending June 30, 2023, with anticipated contract continuation for the succeeding four fiscal years and Town-option annual one-year contract extensions up to an additional five fiscal years (10 years total).

A. AUDIT STANDARDS

The auditor shall perform a financial audit, a state compliance audit, an annual expenditure limitation report, and depending on levels of federal funding, a single audit of The Town of Thatcher for each fiscal year of the contract period in accordance with the following:

1. Auditing standards generally accepted in the United States of America, as promulgated by the American Institute of Certified Public Accountants (AICPA);
2. The *AICPA Audits of State and Local Governmental Units* audit and accounting guide.
3. *Government Auditing Standards*, 2018 revision, published by the U.S. Government Accountability Office.
4. For the single audit – the Single Audit Act; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* and related OMB A-133 Compliance Supplement (as applicable).
5. State of Arizona Uniform Expenditure Reporting System requirements (UERS) mandated by the A.R.S. §41-1279.07, with guidelines set forth by the Arizona Auditor General.

B. REPORTING REQUIREMENTS

1. Financial Report – Colby & Powell, PLC prepares the Town’s Annual Financial Report (AFR) including all financial statements and combining and supplementary information. The auditor shall audit the AFR and records of The Town of Thatcher and shall issue an auditor’s opinion on those financial statements and an in-relation-to opinion on the combining and supplementary information. Such financial statements shall be prepared in conformity with accounting principles generally accepted in the United States of America as promulgated by the GASB.
2. Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters – The auditor shall issue a report on internal control over financial reporting and on compliance and other matters in accordance with *Government Auditing Standards*.
3. Reports Required for the OMB Circular A-133 Audit – If OMB Circular A-133 is applicable, the auditor shall prepare all necessary audit reports and schedules required by OMB Circular A-133.
4. Report Required for State Compliance Audit – The auditor shall prepare and include a statement expressing positive assurance of compliance with State fiscal laws and other financial issues related to the expenditure of funds received from federal, state, or local governments.
5. Management Letter – As appropriate, the auditor shall prepare a comprehensive management letter including the auditor’s findings and recommendations relative to the internal control over financial reporting, compliance with laws and regulations, as applicable, and adherence to generally accepted accounting principles.

The auditor shall request written responses from Town officials for each recommendation and shall include such responses in the reports. If the Town declines the opportunity to respond, the auditor shall so state in their report.

6. Reporting Deadlines – The audit must be completed and submitted to the Town by December 15th of each contract year, unless a later date is approved.

III. AUDIT TERM

If the selected firm performs satisfactorily for the June 30, 2023, audit, it is anticipated that the same firm will be engaged to perform the audit for the succeeding four years through fiscal year 2027, subject to an annual performance evaluation, Town Council budget appropriations, and the needs of the Town. The Town also reserves the right to offer annual contract extensions up to an additional five fiscal years also subject to an annual performance evaluation, Town Council budget appropriations, and the needs of the Town.

The Town reserves the right to review the contract on a regular basis regarding performance and cost analysis and may negotiate price and service elements during the term of the contract.

IV. SUBMISSION OF PROPOSALS

NOTICE: By submitting a proposal in response to this RFP, the proposer is acknowledging that the requirements, scope of work, and evaluation process outlined in this RFP are fair, equitable, not unduly restrictive, understood and agreed to. Any exceptions to the content of the RFP must be protested to the Town Manager at the Town of Thatcher prior to the closing date and time for submission of the proposal.

Proposals must be received by the submission deadline of July 6, 2023, not later than 5:00 p.m. Arizona time. Proposals received after the deadline will be late and ineligible for consideration.

The preferred method of submitting your proposal is electronically in PDF format to: hbrown@thatcher.az.gov. However, if you choose to submit hard copies, five copies of your proposal must be submitted to Heath Brown, at the address below:

Town of Thatcher
3700 W. Main Street
Thatcher, AZ 85552

Town staff will make a recommendation for selection to the Town Council on July 17, 2023. All proposers who have submitted will be notified immediately as to the selection results.

V. PROPOSAL QUALIFICATION REQUIREMENTS

Interested certified public accounting firms must include the following information in their proposal to be considered to perform the audit of the fiscal year ending June 30, 2023:

A. Profile of the Independent Auditor

The profile of the proposers should provide general background information. This should include:

1. The organization and size of the proposer, whether it is local, regional, national or international in operations.
2. The location of the office from which the work is to be done and the number of professional staff employed by staff level. Also, describe the proposer's policy on availability/responsiveness of staff and potential fees for questions between audit years.
3. A positive statement that the following mandatory criteria are satisfied:
 - (a) An affirmative statement should be included that the firm and all assigned key professional staff are in good standing and properly licensed to practice in the State of Arizona.
 - (b) An affirmation that the proposer meets the independence requirements of AICPA Rule 101 and the *Government Auditing Standards*.
 - (c) An affirmation that the firm meets the continuing education and external quality control review requirements contained in the current version of the *Government Auditing Standards*.
4. Is the proposer, any principals of the proposer, or any affiliate to the proposer the focus of any pending or ongoing litigation, formal investigation, or administrative proceedings related to attestation services? If yes, please describe.
5. A copy of the proposer's most recent peer review report.

B. Proposer's Qualifications

1. Identify the audit partners, audit managers, field supervisors and other staff who will work on the

audit, including staff from other than the local office. Include resumes which outline relevant experience and continuing education for the staff auditors up to the individual with final responsibility for the audit.

2. Describe the recent local office auditing experience, like the type of audit requested.
3. If other auditors are to participate in the audit, those auditors should be required to provide similar information.

C. Proposer's Approach to the Examination

Submit a general audit work plan to accomplish the scope defined in these guidelines. The audit work plan should demonstrate the proposer's understanding of the audit requirements and the audit tests and procedures to be applied in completing the audit plan. The plan should detail the expected number of audit hours for the financial audit and compliance audit separately on an annual basis for each fiscal year being audited. The plan should also identify the breakdown of total hours between staff, in-charges, and higher levels. The planned use of specialists, if any, should also be specified. Please base the expected number of audit hours on previous experience like the type of audit requested.

At times in the past, the Town has received sufficient federal funds to trigger a single audit. As such, the proposer is requested to provide a separate estimate for hours and fees for single audit services should those services be required.

The Town encourages, but does not require, some preliminary work during the middle part of July to spread out the time requirements for Town management and staff. That preliminary work should be restricted principally to documentation and testing of internal controls and systems and compliance testing.

D. Time Requirements

Detail how the reporting deadline requirements of the audit will be met.

E. Fees

Supply the billing rates, the estimated number of billable hours, other billable expenses and a comprehensive "not-to-exceed" fee for the audit, inclusive of travel, per diem, and all other out-of-pocket expenses. As noted in section III, it is expected that if the selected certified public accounting firm performs satisfactorily for the June 30, 2023, audit, it will be engaged to perform the audit for up to four additional years. Therefore, the not-to-exceed fee information requested above should be provided on an annual basis for fiscal years ending 2023 through 2027. The Town-option annual contract extensions will be negotiated before the start of each extension. Please provide a separate estimate for hours and fees for single audit services should those services be required.

F. Non-discrimination Clause

Affirm that the firm does not discriminate against any individual because of race, religion, sex, color, age, disability, or national origin, and that these shall not be a factor in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay or other forms of compensation, demotion, or separation.

VI. CONTRACTUAL ARRANGEMENTS

- A. Document Retention – Work papers and reports for the audit must be retained for a period of five years after the completion of the audit and made available for inspection by the Town or government auditors, including the State of Arizona - Office of the Auditor General if requested by them.
- B. Compensation for Services - Progress payments may be made during the audit period based on the percent of work completed. Final payment for the audit will be made upon receipt of the audit reports required in section II.
- C. Availability of Staff - The Town of Thatcher staff will be available to prepare schedules, trial balances, and provide documentation to assist the auditor during the audit. Various balance sheet reconciliations will be provided to the auditors at the start of audit fieldwork.

VII. EVALUATION OF PROPOSALS

The following criteria will be considered when making an evaluation of the proposals:

% OF SCORING WEIGHT	EVALUATION CRITERIA
Mandatory	Licensing, independence, CPE, peer review, and ability to meet audit deadlines.
20%	<u>Technical experience of the firm</u> <ol style="list-style-type: none"> 1) Governmental audit experience, including the number and size of past and current governmental clients (with specific emphasis on municipal clients). 2) Size and structure of the CPA firm. 3) Results of most recent peer review.
20%	<u>Qualifications of staff proposed to perform the audit.</u> <ol style="list-style-type: none"> 1) Years of governmental auditing experience (with specific emphasis on municipal clients). 2) Knowledge of GASB standards and ACFR reporting requirements.
25%	<u>Responsiveness of the proposal</u> in clearly stating an understanding of the audit services to be performed: <ol style="list-style-type: none"> 1) Appropriateness and adequacy of proposed procedures. 2) Reasonableness of time estimates and total audit hours. 3) Appropriateness of plan to meet stated deadlines. 4) Appropriateness of assigned staff levels, including proposed fieldwork hours of in-charge and partner levels. 5) Availability and responsiveness of audit staff.
5%	<u>Experience working with Caselle</u>
30%	<u>Cost of the Audit</u>

Right to Reject

The Town of Thatcher reserves the right to reject all proposals submitted and to request additional information from all proposers. Any contract awarded will be made to the proposer who, based on evaluation of all responses (applying all criteria and oral interviews if necessary) is deemed the best to perform the audit.

VIII. SOURCES OF INFORMATION

The individual listed below may be contacted for information. However, before making contact we request you review the Town's prior year AFR which can be found on The Town of Thatcher's website: <https://www.thatcher.az.gov/departments/finance-department>

Heath Brown, Town Manager

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