

**CITY OF WHITE HOUSE
REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES**

April 7, 2015

**105 College Street
White House, Tennessee, 37188**

CITY OF WHITE HOUSE, TENNESSEE REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of White House is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2015, with the option of auditing its financial statements for each of the two subsequent fiscal years.

There is no expressed or implied obligation for the City of White House to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, four (4) copies of the proposal must be received by Mr. Derek Watson, Purchasing Specialist at 105 College Street, White House, Tennessee, 37188 by 2:00 PM on Tuesday, April 21st, 2015.

The City of White House reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by a four (4) member Selection Committee consisting of the City Administrator, the Finance Director, the Purchasing Specialist, and the Accounting Specialist

During the evaluation process, the City reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. Firms may be requested to make oral presentations to the Selection Committee as part of the final evaluation process.

The City of White House reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. 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 City of White House and the firm selected.

It is anticipated the selection of a firm will be completed by May 21st, 2015. Following the notification of the selected firm it is expected a contract will be executed between both parties following the May 21st, 2015 meeting of the City of White House Board of Mayor and Aldermen.

B. Term of Engagement

A (1) one-year contract is contemplated with a renewal for up to (3) years, subject to the annual review and recommendation of the Selection Committee, the satisfactory negotiation of terms and the concurrence of the Board of Mayor and Aldermen of the City of White House.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

The City of White House desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles, with the inclusion of a Single Audit, if applicable.

The City of White House also desires the auditor to express an opinion on the fair presentation of its combined and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supplemental data contained in the comprehensive annual financial report.

B. Auditing Standards To Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standards, and requirements prescribed by the Comptroller of the Treasury, State of Tennessee. The standards for financial audits set forth in the General Accounting Office's (GAO) *Government Auditing Standards* (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996), and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

C. Reports to be Issued

The auditor shall prepare the following reports at the completion of the audit:

- Twenty (20) copies of the Annual Financial Report. The auditor will prepare all financial statements and notes to the financial statements. The auditor will assist in preparation of the statistical section and will prepare appropriate schedules as necessary.
- Twenty (20) copies of a report on the financial statements and internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act, as may be required.
- A letter to management containing appropriate suggestions for improvement of accounting procedures and internal controls for the City's

consideration. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be reviewed by the Director of Finance before finalizing.

- Updated financial and statistical information to be used by the Finance Director in preparation of the Management Discussion and Analysis.
- An audit presentation to the Board of Mayor and Aldermen at a regularly scheduled Board Meeting. Presentation is to include summary of financial position as well as discussion of findings.

D. Special Considerations

The City may be required to implement changes as described in forthcoming or existing GASB Statements. The City will rely on the auditors for assistance in this endeavor, as appropriate under the Independent Audit Standards promulgated by the Comptroller General of the United States.

E. 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 three (3) years, unless the firm is notified in writing by the City of White House the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the City of White House.

In addition, the firm shall respond to the reasonable inquiries of successive auditors and allow successive auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

A. Contact Person

The auditor's principal contact with the City of White House will be Mr. Jason Barnes, Director of Finance, who will coordinate the assistance to be provided by the City of White House to the auditor.

B. Background Information

The City was incorporated in 1971 and is chartered under Chapter Six of Tennessee Code Annotated (T.C.A.) operating as the Mayor-Aldermanic Charter. The City serves an approximate area of 10 square miles lying in both Robertson and Sumner Counties. The City's current population as certified by a 2008 special census is 9,891.

The City of White House fiscal year begins on July 1st and ends on June 30th.

The City offers a full range of municipal services typical of Tennessee towns and cities, including public safety, public works, sanitation, parks and leisure services, and a wastewater utility. The City does not operate water, gas, or electric services.

Effective January 1st, 2003, the City began operating with a full-time City Administrator as provided under T.C.A. Chapter Six.

The City employs approximately 111 full-time and 25 part-time and seasonal employees (part-time includes 6 elected officials; 5-Mayor and Aldermen, 1-Judge).

The City of White House is organized into (11) eleven departments. The accounting and financial reporting functions of the City of White House are centralized. The City's budget for FY 2014-2015 is approximately 24 million dollars.

More detailed information on the government and its finances can be found in the budget document and the annual financial reports available on the City's web-site at www.cityofwhitehouse.com, or by contacting Mr. Jason Barnes at (615) 672-4350 ext. 2110.

C. Fund Structure

The City of White House uses the following fund types and account groups in its financial reporting:

Number of Individual Funds as of June 30, 2015

<u>General fund</u>	<u>1</u>
<u>Special revenue funds</u>	<u>6</u>
<u>Debt service fund</u>	<u>1</u>
<u>Enterprise fund</u>	<u>4</u>
<u>Internal service fund</u>	<u>1</u>

D. Budgetary Basis of Accounting

The City of White House prepares its budgets on a basis consistent with generally accepted accounting principles.

E. Federal and State Financial Assistance

The following grants have been committed to the City of White House during the fiscal years to be audited:

<u>Name of Grant</u>	<u>Name of Federal or State Agency</u>
SAFER Grant	Department of Homeland Security
LPRF Grant	Tennessee Department of Environment and Conservation
Active Transportation	TDOT
RTP	TDEC
Local Programs Grant	TDOT
GHSO	GHSO
Construction Grant	TN. Secretary of State
LSTA Tech Grant	TN. Dept. Of Library and Archives
Asst. Firefighters Grant	FEMA

F. Pension Plans

The City of White House participates in the following pension plans:

1. State of Tennessee Consolidated Retirement System
2. Voluntary employee participation in ICMA-RC (International City Managers Association-Retirement Corporation) 457 Deferred Compensation Plan

G. Component Units

The City of White House is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, the City of White House Industrial Development Corporation has been designated as a component unit of government. Since the Corporation has no financial operations or activities, it does not issue financial statements.

H. Magnitude of Finance Operations

The City of White House Finance Department provides the budgetary, accounting, information systems, purchasing, collections, accounts receivable, accounts payable, payroll, utility billing and municipal court functions. The Department has six full-time employees.

I. Computer Systems

Local Government Data Processing Corp. is the software provider for all finance functions. They provide both hardware and software support for their products. Financial Software includes GL, AP, Payroll, Purchasing, Court Management, Property Taxes, Business Licenses, Miscellaneous Receipting, Point of Sale, and Fixed Assets.

J. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports may find them on the City's web-site at www.cityofwhitehouse.com or by contacting Mr. Barnes at (615) 672-4350 ext. 2110. The City of White House will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

The auditors must be able to meet the following essential dates for the fiscal year audit:

Final printed and bound reports by December 1st.

Final presentation of the audit report at the December 19th Board meeting.

An Audit Report received after December 4th of each audit year will trigger a five (5) percent reduction in the contract payment.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the City of White House as directed by the auditor.

In an effort to contain audit costs, the City will prepare some of the audit worksheets and schedules to reduce the clerical work to be performed by the independent auditor.

B. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Mr. Derek Watson
Purchasing Specialist
105 College Street
White House, TN 37188
(615) 672-4350 x 2130
dwatson@cityofwhitehouse.com

2. Submission of Proposals

The following material must be received by April 21st, 2015, for a proposing firm to be considered:

- a. A master copy (so marked) of the proposal and 3 copies to include the following:

- i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

- ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for 90 days.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this request for proposals.

Proposers should send the completed proposals to the following address:

Mr. Derek Watson, Purchasing Specialist
105 College Street
White House, TN 37188

B. Audit Proposal

1. General Requirements

The purpose of the proposal is to demonstrate the qualifications, competency and capacity of the firms seeking to undertake an independent audit of the City of White House in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

2. Independence

The firm should provide an affirmative statement that it is independent of the City of White House as defined by the generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards*.

3. License to Practice in Tennessee

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in the State of Tennessee.

4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and on a part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a Certified Public Accountant in Tennessee. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City of White House. However, in either case, the City of White House retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Similar Engagements With Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the **last three years** that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Specifically identify those engagements at which the managers and other supervisors who will be assigned to the City of White House engagement have worked.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed. Proposers will be required to provide the following information on their audit approach:

- a. Proposed timing of the engagement,
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement,
- c. Sample size and the extent to which statistical sampling is to be used in the engagement,
- d. Extent of use of EDP software in the engagement,
- e. Type and extent of analytical procedures to be used in the engagement,
- f. Approach to be taken to gain and document an understanding of the City of White House's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City of White House.

C. Sealed Dollar Cost Proposal

1. Total All-Inclusive Maximum Price

Attachment A must be completed and signed. Attachment A's price should specify all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price is to *include all direct and indirect costs including all out-of-pocket expenses* and should be interpreted as a cost not to exceed.

The City of White House will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The cost schedule should include a schedule of professional fees and expenses broken into the above categories, if appropriate.

3. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's proposal. Interim billings shall cover a period of not less than one calendar month.

VII. EVALUATION PROCEDURES

A. Selection Committee

Proposals submitted will be evaluated by a four-member Selection Committee consisting of the City Administrator, the Director of Finance, the Purchasing Specialist, and the Accounting Specialist.

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Tennessee.
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding three years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the City of White House.
- d. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- e. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

2. Technical Qualifications

- a. The firm exhibits expertise based on past experience and performance on comparable government engagements.
- b. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation

3. Price Consideration

Cost will only be one factor in the selection of an audit firm.

C. Oral Presentations

During the evaluation process, the Selection Committee may, at its discretion, request up to three firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

The Board of Mayor and Aldermen will select a firm based upon the recommendation of the Selection Committee.

It is anticipated that a firm will be selected by May 21st, 2015. Following notification of the firm selected, it is expected a contract will be executed between both parties following the May 21st, 2015 Board of Mayor and Aldermen meeting.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of White House and the firm selected.

The City of White House reserves the right without prejudice to reject any or all proposals.

**ATTACHMENT A
CITY OF WHITE HOUSE
AUDITING SERVICES**

TOTAL ALL INCLUSIVE MAXIMUM PRICE

	2015	2016	2017
Annual Report \$	_____	\$ _____	\$ _____
Single Audit	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

FIRM SUBMITTING PROPOSAL:

Signature of Authorized Representative:

Name of Authorized Representative:

Title:

Please attach schedule of professional fees and expenses, if appropriate.