



**Request For Proposal - Financial And Compliance Audit  
Solicitation # 999-0314-27  
March 07, 2014**

**Introduction**

The City of Columbia, Tennessee is seeking proposals from qualified, independent, certified public accountants to perform a complete financial and compliance audit of the City in accordance with the laws and requirements of the State of Tennessee.

No proposal may be withdrawn after the scheduled closing time for receipt of proposals for ninety (90) calendar days.

Proposals will be received in the City Manager's Office, City Hall, until April 3, 2014, at 2:00 PM CST but no later.

If you are an individual with a disability and require a reasonable accommodation or have additional questions regarding this invitation, please notify the Assistant Finance Director, Danny King at (931) 560-1576.

**Proposal Instructions**

1. Proposals shall be submitted in two parts. The first part or submission will be the technical portion as further described herein. You will need to submit three copies of the technical portion in a sealed envelope clearly marked as "Technical Proposal – Audit Services".
2. The second part of your submission shall be your proposed costs which shall be in a separately sealed envelope from the technical portion and separately labeled as "Cost Proposal – Audit Service". Only one copy of the cost proposal shall be required.
3. The proposals must be signed by an individual with the authority to bind the firm.
4. All documents shall be returned to Purchasing Agent, City Manager's Office, City Hall, 700 North Garden St., Columbia, TN 38401.
5. Proposers are requested register as a vendor using a link to Vendor Registry found on the City's website under the Finance Department/Purchasing page. Proposers may also request a printed vendor application by calling 931-560-1576.

Mark outside of envelope with RFP AUDIT SERVICES and opening date of bid, April 3, 2014.

Time is of the essence and any proposal received after the announced time and date for submittal, whether by mail or otherwise, will be rejected. The time of receipt shall be determined by the City Manager's Office. Proposers are responsible for ensuring that their proposals are stamped by City Manager's Office personnel before the deadline indicated. Late proposals received will be so noted in the file and the proposal will be returned unopened. Faxed or e-mailed proposals will not be accepted.

Nothing herein is intended to exclude any responsible vendor, his product or service or in any way restrain or restrict competition. On the contrary, all responsible vendors are encouraged to offer a proposal. The City of Columbia is compliant with Title VI of the 1964 Civil Rights Act and as a result does not discriminate on the grounds of race, color or national origin nor does it excluded from participation in, or denies the benefit of any program or activity receiving federal financial assistance.

All costs of preparing and delivering a proposal shall be the responsibility of the bidder.

**Scope of Work:**

The audit will examine the financial statements and records of all funds, account groups and grant contracts of the City (with the exception of Columbia Power & Water Systems) for the fiscal year ending June 30, 2014. The City will consider a renewal of this agreement for two additional consecutive one-year terms based upon future cost as established at the time of the initial proposal. (See requirement (2) under “Cost Proposal Format”). The Columbia Power and Water Systems audits are separate from the City of Columbia but are to be incorporated as a separately reported enterprise funds of the City.

**General Requirements:**

- 1) The audit will be conducted in accordance with generally accepted auditing standards as prescribed by the American Institute of Certified Public Accountants, generally accepted government auditing standards prescribed by the Comptroller General of the United States, and other requirements which may be prescribed by the Comptroller of the Treasury of the State of Tennessee. In addition, the audit will be conducted in accordance with all provisions of the Single Audit Act of 1984 and in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 and other applicable Federal Management Circulars.
- 2) The audit shall conform to those standards, procedures, and reporting requirements set forth in the Audit Manual for Governmental Units and Recipients of Grant Funds published by the Comptroller of the Treasury of the State of Tennessee. Any deviation from said standards and procedures shall be approved in writing by the Comptroller of the Treasury prior to the execution of the contract to audit.
- 3) The auditor shall, as part of the written report of audit, submit to the City Council a report containing an expression of an opinion that the financial statements are fairly stated, or qualified as to certain funds or items in the financial statements, or a disclaimer of opinion and the reasons therefore, and shall explain in every detail any unusual items or circumstances under which the auditor was unable to reach a conclusion. This report shall state that generally accepted governmental auditing standards have been followed in the audit.
- 4) The auditor shall furnish thirty five (35) copies of the audit report to the City Council. The auditor shall file copies of said audit with the Comptroller of the Treasury and with the appropriate officials of the granting agencies. If a management letter or any other reports or correspondence relating to findings or recommendations are issued in connection with this audit, a copy shall be filed with the Comptroller of the Treasury. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e., they shall disclose no material matters not also disclosed in the findings found in the published report of audit).
- 5) The audit shall begin no later than August 15, 2014 and the audit shall be submitted prior to the first Thursday in December 2014. These dates are based upon the delivery of the Columbia Power and Water Systems audit by October each year. Three draft copies of

the Comprehensive Annual Financial Report shall be submitted to the Finance Director no later than November 14, 2014. Any subsequent renewals will have the same starting and report deadline requirements.

- 6) The auditor shall agree to retain working papers for no less than three (3) years. All audit working papers shall, upon request, be made available for review by the staff, representatives, agents, and legal counsel of the City or the Comptroller of the Treasury of the State of Tennessee during normal working hours while the audit is in progress and/or subsequent to the completion of the report.
- 7) Progress payments will be made on the basis of work completed during the course of the audit. Progress payments shall not exceed 85% of the contract, Final payment will be made upon acceptance of the final report by the City Council.
- 8) Should the circumstances disclosed by the audit call for a more detailed investigation by the auditor than necessary under ordinary circumstances, the auditor shall inform the City Council in writing of the need for additional investigation and the additional compensation required. Upon approval by the Comptroller of the Treasury, State of Tennessee, an additional agreement may be made by the City Council and the auditor for additional investigation. The changed agreement shall not ignore the routine portion of the audit to be performed as part of the normal audit. Any evidence of fraud, such as misappropriation, misfeasance, malfeasance, embezzlement, or other illegal acts shall be reported immediately to the Comptroller of the Treasury, who shall under all circumstances have the preemptive authority to directly investigate such matters at his discretion. The auditor shall advise the City Council at the same time as the Comptroller of the Treasury.
- 9) The auditor in charge will conduct an audit exit conference with such officials as designated by the City. The findings and recommendations regarding compliance and internal control shall be discussed at said conference. The City officials shall have the opportunity to respond orally or in writing to the findings. Any such written responses shall be included in the audit report.
- 10) The records of the City will not be removed from offices except with express written permission of the City's Finance Director.
- 11) All adjusting entries will be submitted to the City with sufficient explanation so they can be easily understood and properly posted to the financial records. Reversing entries must also be presented with sufficient explanation.
- 13) The Request for Proposal (RFP) and the auditor's proposal will become part of the audit contract as prescribed by the State Comptroller which the awarded proposer must execute.
- 14) The audit records of the Columbia Power and Water Systems (including the municipally-owned telecommunications system), which are a separate audit from the City of Columbia, are to be incorporated in the City of Columbia audit. The Columbia Power and Water System board separately contracts for their audits.
- 15) The auditor is expected to provide assistance as shall be necessary to enable the City to apply for the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association, including the interpretation of financial reporting requirements associated with the Certificate program.
- 16) The auditor will also be required to assist with assessment and implementation of any revisions necessary as a result of GASB statements, etc.

#### **Assistance Available from the City**

- 1) Final trial balance
- 2) Final amended budget.
- 3) Schedule of all Insurance
- 4) Schedule of fixed assets with acquisitions and disposals
- 5) Schedule of Accounts Payable
- 6) Copies of payroll tax forms
- 7) Copies of all grants and contracts
- 8) Schedule of all work in progress together with capitalized interest including all completed work
- 9) Accrued leave schedules

**General Information:**

By the end of the first week in August, the City shall have closed and balanced all accounts and shall have prepared preliminary computer generated year-end financial statements for all funds for examination by the auditor. Documents required for sampling purposes shall be generated by the auditor.

Accounting records are located in the Finance Department and City Recorder's Office at 700 North Garden Street, Columbia Tennessee. The City utilizes a local-area network running Windows Server 2007 and DataQuest (Local Government) software. The DataQuest software modules currently being used include General Ledger, Accounts Payable and Purchasing, Property Tax and Business Licenses. Payroll processing is handled through ADP. The City also uses Empower Software for employee attendance.

The operations of the City are accounted for in the general fund, five special revenue funds, a debt service fund, a capital projects fund, two fiduciary funds (pension trust) and an enterprise fund (sewer fund).

During the 2013-14 fiscal year, the City will expend funds on the following grants:

- One ARRA- Cops Hiring Recovery Grant, One Bulletproof Vest Grant and three (3) Justice Assistance Grants from the United States Department of Justice,
- One (1) or two (2) Fire Prevention, Firefighter Safety grants and/or Federal Assistance to Firefighter grants from the Federal Emergency Management Agency (through the U.S. Department of Homeland Security),
- One SafeteaLu grant from the Federal Highway Administration through the Tennessee Department of Transportation for transportation improvements (Riverwalk)
- Neighborhood Stabilization Grant from Tennessee Housing Development Agency
- Hazardous Mitigation Grant from Federal Emergency Management Agency
- Roadscape Improvement Grant
- Targeted Crime Prevention Grant
- Recycling Hub and Spoke Grant
- Rural Business Enterprise Grant

The City may expend \$500,000 or more in federal awards during the 2013-14 fiscal year *depending on the timing of several grant projects*. During Fiscal Year 2013-14, the City expects to apply for and receive several other grants, but the types and sources of those potential grants are not known at this time.

Appendix A contains additional information on relevant volumes, frequencies and amounts, as well as further information related to existing grants and pending grant applications. If additional information is required prior to submitting a proposal, inquiries should be directed to the Finance Director, City of Columbia, 700 North Garden Street, Columbia, TN 38401 or (931) 560-1580.

**Proposal Format:**

The proposal shall consist of two parts, technical proposal and a cost proposal. The technical proposal shall be in a sealed envelope, clearly identified with the firm's name and clearly identified as "**Technical Proposal**". The cost proposal shall be submitted at the same time as the technical proposal in a separately sealed envelope and clearly identified with the firm's name and labeled "**Cost Proposal**".

Technical Proposal: The technical proposal shall be styled at the discretion of the submitter. You shall submit three (3) copies of the technical proposal. Your proposal shall address at a minimum these areas:

- 1) Breadth and depth of the firm's governmental auditing experience, including any experience with the Government Finance Officers Association's Certificate of Achievement program.
- 2) Organization size and structure of the firm, including a description of the organization of the audit staff and the assigned audit team.
- 3) Statement of qualifications that the assigned staff had met continuing education requirements, including education, position in the firm, and years and types of experience.
- 4) A statement indicating that the firm has met peer review standards of the AICPA and Government Auditing Standards. Include a copy of the firm's most recent peer review.
- 5) A statement indicating that the firm and partners assigned to the audit are licensed to perform audits within the State of Tennessee.
- 6) A statement that the firm will provide adequate supervision for day to day activities during the assignment.
- 7) A description of the proposed audit plan in general; areas that may require particular audit emphasis should be specified, as well as the extent to which the assistance of City staff will be required. Please include a proposed timeline of services.
- 8) Availability of the auditor to the agency for specialized consultation and support assistance on sensitive or highly specialized issues.
- 9) A list of three references from other local government clients denoting any which have attained the Certificate of Achievement. Include contact information.
- 10) Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Columbia.

11) Proof of professional liability insurance in an amount not less than \$1,000,000.

Cost Proposal : A single copy of the cost proposal shall be submitted. Cost proposals will be evaluated separately and after all technical proposals have been evaluated and scored. The cost proposals must be submitted as follows:

- 1) The base audit fee must be quoted either as a maximum fixed amount or as a rate per hour with total estimated hours. If the latter method is used, a maximum amount of billable hours must also be stated. Any incidental expenses, such as travel and supplies, not included in the quoted fee must be estimated and provided. The audit fee must be stated so the amount can be easily determined. Hourly rates for services requested or required above the base audit must be quoted as well. The cost proposal shall describe the types of services that are not included in the base audit fee.
- 2) If the firm is willing to enter into a renewal of the contract for subsequent years, the renewal rates must be clearly stated as either a percentage increase over prior year costs or as a fixed amount.
- 3) If the firm is unwilling to renew in either of the two subsequent years, that must be clearly indicated as well.

**Selection Process:**

Technical proposals will be reviewed and evaluated by an audit selection committee comprised of representatives of the City Recorder and Finance Departments. At any point in the selection process, the proposer may be requested to submit information supplemental to its proposal. If deemed necessary, personal interviews will be conducted with representatives of some or all of the proposers. Criteria to be used in evaluating the proposals will include the following:

- 1) Submission contains all required elements (5% of total score)
- 2) Qualifications and capabilities of the firm, its coordinating office and its management as measured by the number of firm employees and years in business and type of experience. (15% of total score)
- 3) Makeup and qualifications of audit team as evidenced by the number of members assigned to the audit team, their educational background, their experience with the firm, and their experience in governmental auditing. (15% of total score)
- 4) Prior experience with local government audits and GFOA Certificate of Achievement programs, implementation of new GASB statements and references from past governmental audits. The evaluating team will consider number of governmental audits of like size, number of GFOA awards received by governmental units on which the firm provided audit services and prior GASB experience in implementation, consulting, or training. (25% of total score)
- 5) Understanding of the City's audit needs as indicated by a thorough and complete technical proposal clearly addressing audit plan, timeline, expectations of City staff. (15% of total score)
- 6) Costs both in the initial year and subsequent renewals to include consideration of the type and quantity of services provided in the base audit number. (25% of total score). Costs will not be considered until after the technical proposals have been evaluated and scored.

The Auditor Selection Committee will recommend an audit firm for approval by the City Council. The Council's approval will authorize the Mayor to execute a contract between the City and the audit firm. A contract will be awarded for only the 2013-14 Fiscal Year audit. Renewal of the contract for the subsequent two fiscal years will be at the option of the City's Finance Director.

The City reserves the right to reject any or all proposals, to waive technicalities or formalities and to accept any proposal deemed to be in the best interest of the City of Columbia.

Selection of an auditor and the contract to audit shall be subject to the approval of the Comptroller of the Treasury for the State of Tennessee.

Changes or Addendum

Any change or addendum to this request shall be posted on the City's website under the Finance Department / Purchasing open solicitation selection. Proposers are responsible for monitoring the site for any and all changes. Responses shall acknowledge changes or addendum, if any, made.

General Terms and Conditions:

The general terms and conditions for purchases of goods and services for the City of Columbia may be found in Appendix B and shall be applicable to this solicitation.

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**Appendix A**

**CITY OF COLUMBIA, TENNESSEE  
Volumes/Frequencies/Amounts**

Population: 34,681 (2010 Census)

Accounting System:

Number of Funds	9
Number of Checking Accounts	14
Number of Payable Checks	4,462
Number of Purchasing Card Transactions	6,600
Number of General, Court & Miscellaneous Receipts	21,046

Payroll:

Number of Employees (Authorized)	378
Frequency of Payroll	Biweekly
Number of Payroll Checks/Direct Deposits	11,201

Other Records/Receipts:

Property Taxes, number of bills	17,590
Business Taxes, number of licenses	1,752

Utilities:

Number of Sewer Customers	16,556
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Pension Plan/OPEB Plan - Actuarial reports are available for both plans.

Number of participants as of 6/30/12:

Inactive:	Retirees/beneficiaries	177
	Terminated employees entitled to benefits	<u>4</u>
		181
Active:	Vested	264
	Non vested	<u>93</u>
		357

Assets held:

Retirement Plan (6/30/12)	\$32,153,080
OPEB Trust (6/30/13)	\$10,011,101

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**Appendix A (continued)**

**CITY OF COLUMBIA, TENNESSEE  
Volumes/Frequencies/Amounts**

Fiscal Year 2013-14 Budget

<u>Fund</u>	<u>Operations</u>	<u>Capital Outlay</u>	<u>Total</u>
General	\$28,950,582	\$582,609	\$29,533,191
State Street Aid	1,540,479	15,000	1,555,479
Narcotics & Vice	60,000		60,000
Streets & Transportation	75,000		75,000
Drug	100,933	20,000	120,933
Sanitation	3,749,792	207,954	3,957,746
Debt Service	1,199,350		1,199,350
Capital Projects		5,825,214	5,825,214
Wastewater	<u>8,589,414*</u>	<u>3,864,591</u>	<u>12,454,005</u>
	\$44,270,550	\$10,510,368	\$54,780,918

\* Includes \$1,935,956.in debt service requirements

**Attachment B – Request for Proposal – Financial and Compliance Audit**

**CITY OF COLUMBIA  
GENERAL TERMS AND CONDITIONS FOR PURCHASES**

General terms and conditions are applicable to all solicitations issued by the City. General terms and conditions made be modified by the specific language of the solicitation itself.

1. **Acceptance of Bids:** The City of Columbia reserves the right to reject any and all bids, to waive any informal technicalities or defects, the scope and nature of which it shall be the sole judge, in any bid, insofar as such technicality or defects do not legally, materially or substantially change such bid. The said City, unless otherwise specified by the bidder, reserves the right to accept any item on bid.

If the bidder fails to state the time within which a bid must be accepted, it is understood and agreed that said City shall have ninety (90) days from bid opening date in which to accept bid.

2. **Error in Bid:** In case of error in the extension prices in the bid, the unit price governs. No bid shall be altered, amended or withdraw, unless the acceptance date has expired, after the opening date of bids. Negligence on the part of the bidder in preparing the bid confers no right for withdrawal of the bid after it has been opened.
3. **Discount Period:** Time in connection with discount offered will be computed from the date of delivery, or from the date correct invoices are received, whichever date is later. Discount other than “Time Discounts” shall be shown on the face of the proposal sheet under “Terms”.
4. **Sample of Materials:** Samples of items, when requested, must be furnished free of expense to the City, at the time bids are opened or later if such are called for after the bids have been opened, and if such samples are not destroyed in the process of sampling, they will be returned at the bidder’s expense.
5. **Signatures on Bids:** Each bid must contain the full name and business address of the bidder. Any person signing a proposal sheet for himself or as agent, employee or officer of another must show his title and, if requested by the City shall furnish proof of his authority to make such proposal.
6. **Alternate Bids:** Alternate bids will be considered proving such items that appear on such bids meet specifications. Where equivalent items are bid upon, said City reserves the sole right in determining whether they meet specifications.
7. **Proposal Sheets:** Bidders shall use the proposal sheets furnished by the City if included in the request for proposals or as otherwise instructed within the proposal. Failure to submit this sheet as required shall render the proposal invalid. Proposal sheets must contain prices on per unit and aggregate basis and the total amount of the bid must be stated on the proposal sheet.
8. **Federal or State Sales, Excise or Use Tax:** Every bid shall separately state and set forth, therein the amount of any and all Federal and State sales, excise or use taxes included in the bid prices. If any such taxes are included in the prices bid, the City reserves the right in making the award to deduct any amount of such taxes thereof. Where labor is required, the bidder shall state separately the amount of labor and materials.
9. **Delivery:** The number of calendar days in which delivery will be made after contract is executed and purchase order placed shall be stated in the bid. When the bidder states no time delivery, it is understood and agreed that delivery is to be made within fifteen (15) days after receipt of order, unless otherwise stated in the specifications.

10. **Compliance:** Contractor shall abide by all federal, state and local laws and statues and obtain all permits required in number seventeen (17) of these conditions.
11. **Specifications:** It is understood that reference to attached specifications shall be sufficient to make the terms of such specifications binding on the contractor. In some instances, the name of the manufacturer, a special brand, or make of an item is used in describing the item or items desired; but this does not restrict the bidder to that manufacturer or specific article, this means being used simply to indicate the character or quality of the article or service desired; but the articles or service on which the proposal are submitted must be equal to that specified, and a statement to that effect shall be made a part of the proposal. Where conflict occurs between the requirement or the General Conditions and the specifications, the requirements of the specifications will govern.
12. **Inspection:** Final inspection and acceptance or rejection will be made at the time of delivery, but all products and workmanship shall be subject to inspection and test at all times and places. The right is reserved to reject articles that contain defective material and workmanship. Rejected materials shall be removed by and at the expense of the contractor promptly after notification of rejection. The City shall not be obligated to pay the full price for any items that do not meet specifications; however, payment may be made at a proper reduction in price.
13. **Bid Opening:** Bids may be mailed or delivered to the Purchasing Agent in the City Manager’s Office of the City of Columbia, Tennessee. All bids will be opened and publicly read at a time specified on the Proposal Sheet. Bids received after the specified time for opening, as shown on the invitation to bid, will not be accepted.
14. **Cancellation:** The City reserves the right to cancel an accepted bid or contract in whole or in part due to nonperformance or defective products.
15. **Permit Requirements:** Successful bidder will be responsible for securing any necessary permits for complying with all required inspections whether local state or federal.
16. **Multi-Year Contracts:** The City reserves the right to enter into multi –year contracts and further has the right to terminate multi year contracts due to non-appropriation of funds.
17. **Financial Statements:** Financial statements will be submitted upon request.
18. **Term of Payment:** Payment will be made in full after the satisfactory receipt of goods, materials, supplies, and equipment. Payment will be made in full upon satisfactory completion of all contractual services, public improvements and/or construction. Executed contracts must specifically state if there is any partial payment or other deviation from this method of payment.
19. **Complaints – Vendors**

Vendors shall have the right to present a complaint, dispute or grievance concerning unfair treatment, contracts, deliveries, payments, restrictions, and other incidents. The following steps are intended to provide uniform procedures for a vendor to express a problem and obtain remedy.

  - a. Step One - Vendor must file a grievance with the Purchasing Agent no later than seven (7) calendar days after the occurrence of the dispute or incident. The complaint must be in writing and include all supporting data and desired solution or remedy. The Purchasing Agent will forward a copy of the complaint with the user department who shall provide a written reply within thirty (30) days to the Purchasing Agent who will review the response and if agreement forward the decision to the vendor.
  - b. Step Two– If the vendor is not satisfied with the Purchasing Agent’s response, the vendor may appeal in writing to the City Manager within 10 day from the date of the Purchasing Agent’s response, who shall with the advice of the Purchasing Agent and/or City Attorney, make a written determination to all parties involved. The City Manager’s decision shall be final.