



County of Eaton, State of Michigan

**Request for Proposal
For Auditing Services**

**For the Fiscal Years
2023 to 2025**

INTRODUCTION

General Information

The City of Charlotte is requesting proposals from qualified firms of Certified Public Accountants to audit its financial statements for the fiscal years ending June 30, 2023, June 30, 2024 and June 30, 2025. There will be an option to extend this contract for auditing the City's financial statements for each of the subsequent two fiscal years. The continuation of the contract after each year is solely at the discretion of the City of Charlotte.

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

During the evaluation process, the City reserves the right to retain all proposals submitted and to use any ideas in the proposals regardless of whether the proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted by the firm selected.

Term of Engagement

If a contract results from this request for qualifications, it is anticipated to be a two-party purchase of service contract for a three (3) year time period. The time period will be for the City of Charlotte fiscal years ending June 30, 2023 through June 30, 2025. An option for an additional two (2) years of service is contemplated, subject to annual review by the Finance Director and the City Manager. The additional two fiscal years would be June 30, 2026 and June 30, 2027.

In the event of a merger of the audit firm with another firm of certified public accountants or the change of partners to the audit firm, this contract will be transferable to the successor firm with the approval of the City.

This retainer agreement shall not be assigned or transferred without the written approval of the City of Charlotte.

DESCRIPTION OF THE GOVERNMENT

Principal Contact

The auditor's principal contacts with the City of Charlotte will be:

Eric E. Smith, Finance Director/Treasurer, (517) 543-8875, esmith@charlottemi.org
Erin E. LaPere, City Manager (517) 543-8850, elapere@charlottemi.org

Background Information

The City of Charlotte, the county seat of Eaton County covers approximately five and a half square miles and has a population of 9,299. Charlotte is located on Interstate 69 and near its intersection with interstates 94 and 96. Charlotte is also served by two state trunkline highways: M-50 and M-79. The City is also located on a rail line operated by the Canadian National Railway. These highways and rail routes provided excellent access to all major markets Michigan, the Midwest, and Canada.

The City has 49 full-time employees and several on a part-time or seasonal basis. It maintains a full-time Police Department and a Fire Department made up of both full-time and volunteer Fire Fighters. The City also provides essential municipal services, such as maintenance of public roadways, water and sewer services, inspection of rentals, planning and zoning and general administration.

The City of Charlotte Finance & Treasury Department provides the budgetary, accounting, auditing, tax billing and collections, investment, information system, purchasing, payroll, utility billing and collections, accounts payable, accounts receivable and customer service functions. The Finance Department has a staff of 3 full-time employees.

The City's 2021/2022 fiscal year audit is available on the City of Charlotte Web site at www.charlottemi.org under the "Taxes & Finance" area. A review of this document may answer many questions regarding the City's finances.

Existing Funds:

General Fund	General Debt Service Funds
Major Streets Fund	Camp Frances Fund
Local Streets Fund	Motor Vehicle Pool Fund
Fire Fund	Recycling Fund
Police Drug Enforcement Fund	Water and Sewer Fund
Act 302 Training Fund	Motor Vehicle Pool Fund
Brownfield Redevelopment Authority Fund	Information Technology Pool Fund
Downtown Development Authority Fund	Trust and Agency Fund
Local Development Finance Authority Fund	Public Healthcare Fund
Economic Development Corporation Fund	Payroll Clearing Fund
Federal and State Grants Fund	Charlotte Area Rec Co-op Fund
Revolving Fund	GASB 34 Fund

SCOPE OF WORK TO BE PERFORMED

Auditing Standards

The examination shall be made in accordance with current generally accepted auditing standards (GAAS) as adopted by the membership of the American Institute of Certified Public Accountants (AICPA), in the statement of Auditing Standards No. 1, "Codification of Auditing Standards and Procedures", as amended, and the Bulletin for Audit of Local Units of Government in the State of Michigan, Michigan Department of Treasury, as amended. The auditor will perform audits in order to express an opinion on whether the basic financial statements are presented fairly in conformity with generally accepted accounting principles (GAAP) in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards as issued by the Comptroller General of the United States.

Each year the auditors should review with the Finance Director and City Manager compliance with all updated laws, regulations, pronouncements, internal controls, and all changes in Governmental Accounting Standards.

Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the general-purpose financial statements in conformity with generally accepted accounting principles.

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

1. A Financial Report of the City of Charlotte's funds and account groups presented in government wide financial statements as well as fund financial statements. The auditor will prepare all financial statements and notes to the financial statements.
2. If a Single Audit is required, a report on the financial statements, internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act.
3. Any supplemental reports, schedules or other requirements by the State of Michigan, the Federal Government, GASB or GAAP.

4. A management report containing comments and recommendations regarding a municipality's system of internal controls: that is, its methods of safeguarding its assets, ensuring the accuracy of its financial information, promoting efficiency and adhering to municipal policies. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be discussed with the Finance Director and City Manager when prepared. Before finalizing, a round-table discussion will be held with the auditors, the Finance Director and the City Manager.
5. An oral presentation on the state of the City's financial standing and the findings of the auditing firm before the Charlotte City Council is required after all field work and report preparation is complete.

The City will provide any known adjusting entries needed, along with backup, at the beginning of the audit process. The City will also prepare all materials in advance that are requested by the auditing firm. The auditors shall provide to the City all audit adjustments including appropriate backup documents and will meet with staff, if requested, to discuss final adjustments.

The auditor shall provide consultation services to City personnel throughout the year regarding matters or developments affecting accounting and financial reporting of governmental entities, pursuant to prevalent and changing accounting and auditing standards. The City believes that this ongoing consultation results in greater efficiencies in audit preparation. This consultation shall be within the parameters of appropriate consultation under all laws, regulations and standards. The cost of this ongoing consultation shall be included in the cost of the audit unless specifically noted otherwise. If specifically noted, the cost per hour of such consulting services must be specifically defined.

Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Finance Director and City Manager.

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 5 calendar years after completion of the audit, unless the firm is notified in writing by the City of Charlotte of the need to extend the retention period. The auditor will be required to make any and all working papers available, upon requested, to the City of Charlotte. The auditor agrees to make copies of the work papers for the City, upon request, or to allow the City to borrow the work papers for a reasonable period of time for the purpose of making copies.

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

AUDIT SCHEDULE AND REPORT REQUIREMENTS

Audit Calendar

The auditors must be able to substantially adhere to the following timeline for the audit:

Preliminary or Internal Controls audit by the end of June
Field work completed by mid-September
Draft reports completed by mid-October
Final printed and bound reports by end of October
Presentation of Audit to Council in November

If the proposing firm sees any problem with meeting this schedule, it should be noted in the proposal with an alternate schedule.

Report and Other Requirements

The independent auditor shall produce and assemble the following reports and submit as noted:

1. Fifteen (15) copies of the Financial Report
2. Submission of Financial Report to the State of Michigan as required
3. Fifteen (15) copies of the Single Audit Report
4. Management Letter
5. Other required reports
6. Adobe PDF file of the Financial Report

ASSISTANCE TO BE PROVIDED TO THE AUDITOR

Finance & Treasury Department Assistance

The Finance & Treasury 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 Auditor.

The City shall provide space deemed adequate by the City for the auditor to efficiently conduct the examination.

To ensure the quality of the audit, the City may request from time to time a report on the progress of the audit. In addition, prior to completion of the fieldwork, an audit exit conference will be held to discuss the results of the audit. Also, a draft conference will be scheduled to review the proposed audit presentation and any issues pending.

PROPOSAL REQUIREMENTS

Deadlines to Submit Proposal

Completed proposals must be received by 10:00 AM, Tuesday, February, 07, 2023. Council action to award bids is expected no later than Tuesday, February 21 2023.

Submittal Requirements

The proposal must be in a sealed envelope, labeled clearly with: **Request for Auditing Proposals** and addressed to:

City of Charlotte
Attn: City Clerk
111 E Lawrence
Charlotte, MI 48813

Independence

The firm should provide an affirmative statement that it is independent of the City of Charlotte as defined by generally accepted auditing standards.

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 and a part-time basis.

The firm should identify the principal supervisory and management staff including engagement partners, managers, other supervisors and staff, who would be assigned to this audit, to the extent possible. The firm should also provide information on the government auditing experience of each person.

An affirmation in some form must be included concerning all personnel assigned to this project stating that none of the personnel involved has a record of substandard audit work. Responses shall disclose controls the firm has in place to ensure that quality standards have been met and shall disclose whether the firm is subject to external quality control review process.

Similar Engagements with Other Government Entities

A list should be presented for the firm as a whole and for each of the personnel that will be assigned responsibility for this audit of the most significant and similar engagements performed in the past three years to the engagement described in this request for proposal. Resumes for the audit partner(s) and lead auditor(s) for this contract should be included.

The name, contact person, and phone number of audited units that are similar to the City of Charlotte and that have had experience with the auditors assigned to the City should be included. Separately, a reference list may be included for the firm as a whole.

Identification of Anticipated Potential Audit Problems

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

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.

Manner of Payment

Three payments will be made to the audit firm. The first will be made in June on the basis of hours of work completed during the course of the pre-audit or Internal Controls audit. If no audit is done at this time, the total payment will be made in the two installments described below. The second payment will be issued after the on-site field work has been completed in August. This payment will be one half of the outstanding balance. The final payment will be issued after the engagement is completed and all reports have been issued. It is the firm's responsibility to invoice for these payments.

Any additional charges must be discussed in advance and agreed upon in writing by the Finance Director or the City Manager.

Other

Please include any other information that you think would be helpful in allowing the City of Charlotte to make an informed decision in the selection process. Focus on the evaluation criteria.

EVALUATION CRITERIA

Mandatory Elements

1. The audit firm is independent and licensed to practice in the State of Michigan.
2. The audit firm's professional personnel have received adequate continuing professional education within the preceding three years.
3. The firm has no conflicts of interest with regard to any other work performed by the firm for the City of Charlotte.
4. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
5. The firm adheres to the instructions in this request for proposal when preparing and submitting the proposal.
6. The firm has an understanding of the specific needs of the City of Charlotte as it relates to the audit engagement.

7. The quoted price includes consultation services throughout the year to City personnel regarding matters or developments affecting accounting and financial reporting of governmental entities, pursuant to prevalent and changing accounting and auditing standards. The City believes that this ongoing consultation results in greater efficiencies in audit preparation. This consultation shall be within the parameters of appropriate consultation under all laws, regulations and standards. The cost of this ongoing consultation shall be included in the cost of the audit unless specifically noted otherwise. If specifically noted, the cost per hour of such consulting services must be specifically defined.
8. Responses should be prepared simply and economically, providing a straightforward and concise description of the bidder's ability to meet the requirements of the RFP. Use of provided form is required. Emphasis should be on completeness and clarity of content.
9. Latest Peer Review Report should be included.

Technical Qualifications

1. The firm exhibits expertise based on past experience and performance on comparable government engagements.
2. The quality and experience of the firm's professional personnel to be assigned to the engagement.

Price Consideration

Cost will be an important, but not primary, factor in the selection of an audit firm.

Final Selection

The City of Charlotte will select a firm based upon its review of the proposals submitted. The City may request clarification of any items in the proposal.

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 Charlotte and the firm selected.

The City of Charlotte reserves the right without prejudices to accept or reject any or all responses received, in part, or in their entirety, for any reason whatsoever, to waive any informality or defect in any response as a result of the RFP, or to negotiate separately with any source whatsoever in any manner necessary to serve the best interest of the City.



ATTACHMENT A
REQUEST FOR PROPOSAL
AUDITING SERVICES

Firm Submitting Proposal:

Name _____

Address _____

Contact _____

Phone _____

Fax _____

Email _____

Year Firm Established: _____ Years In Business _____

Type of Organization: (Circle One)

- a. Individual
- b. Partnership
- c. Corporation
- d. Joint Venture (provide additional information)
- e. Other

License to practice in the State of Michigan Yes _____ No _____

Attach additional sheets to answer the following questions as necessary.

1. How many public sector (governmental) clients have your company served? Please provide a current listing indicating when services were provided for each agency, scope of work, engagement partners, total hours and the name and telephone numbers of the principal contact.

2. How many municipal clients does your organization currently serve with the type of services described? Explain the capacity of the services being provided.

3. How many employees does your company employ?
Full time: _____
Part time: _____
CPA's: _____
Number of employees in the governmental section: _____
4. Describe the resources you are capable of bringing to the City of Charlotte. Submit profiles of staff to be assigned to this project and examples of similar work performed by each staff member.
5. Describe any reviews or audits your firm has received in the past three years. Describe any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.
6. Provide the following information on the firm's audit approach:
- a. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
 - b. Sample size and the extent to which statistical sampling is to be used in the engagement.
 - c. Extent of use of EDP software in the engagement.
 - d. Type and extent of analytical procedures to be used in the engagement.
 - e. Approach to be taken to gain and document an understanding of the City of Charlotte's internal control structure.
 - f. Approach to be taken in determining laws and regulations that will be subject to audit test work.
 - g. Timeline of audit process.
7. Describe the firm's experience with federal or state financial assistance programs (single audit.)
8. Does your organization have experience with submitting Comprehensive Annual Financial Reports to Government Finance Officers Association?
9. Describe your firm's internal audit review process prior to the issuance of the opinion.
10. How does your staff keep up-to-date on new laws, standards, and pronouncements in governmental accounting?
11. What types of municipal finance organizations does your organization/personnel participate in?

12. Is a contract required? If so, please attach a copy of your standard contract.
13. Include two (2) of your most recent municipal audits. Only one set of each audit is required.
14. Attach a copy of your firm's most recent external quality control review report. If not attached, please state reason.

The undersigned hereby declares that he/she has carefully examined the general conditions and specifications and will provide professional financial and compliance auditing services for the price set forth in this proposal. Any changes to the specifications and its impact on the final cost will be discussed and mutually agreed upon before the delivery of the services.

It is understood that all proposed prices shall remain in effect for at least ninety (90) days from the date of the proposal opening to allow for the award and that, if this proposal is accepted by the City of Charlotte, the prices will remain firm.

The proposer affirms that he/she is duly authorized to execute this proposal, that this company, corporation, firm, partnership or individual has not prepared this proposal in collusion with any other proposer and that the contents of this proposal as to prices, terms or conditions have not been communicated by the undersigned, nor by any employee or agent, to any competitor, and will not be, prior to the award and the proposer has full authority to execute any resulting contract awarded as a result of, or on the basis of the proposal.

The submission of a proposal hereunder shall be considered evidence that the proposer is satisfied with respect to the terms and conditions established in this document and the conditions to be encountered and the character, quantity and quality of the work to be performed.

Representative's Name: _____

Title: _____

Signature: _____



**REQUEST FOR PROPOSAL
AUDITING SERVICES**

Fiscal Year	Proposed Fee Not to Exceed:	Single Audit Proposed Fee:	Estimated Total Hours on Site:
2023			
2024			
2025			

If extended additional two years:

Fiscal Year	Proposed Fee Not to Exceed:	Single Audit Proposed Fee:	Estimated Total Hours on Site:
2026			
2027			

Per hour fee for additional consulting services: _____

Signature of Authorized Representative

Date

Title