



City of Arkansas City, Kansas
REQUEST FOR PROPOSALS
AUDITING SERVICES

For the fiscal years ending
December 31, 2023, 2024, 2025, 2026 and 2027

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REQUEST FOR PROPOSALS
AUDITING SERVICES

1. INTRODUCTION

1.1. SCOPE

The City of Arkansas City, Kansas, invites qualified certified public accounting firms licensed to practice in Kansas to submit proposals for the provision of auditing services according to the requirements of this Request for Proposal (RFP).

The purpose of this process is to obtain competitive prices for auditing services for Arkansas City, Kansas. The audit shall be performed on all funds of the City of Arkansas City and the following related municipal entities: Library and Firefighter's Relief Association.

Single Audit Act requirements may apply because the City may receive and use more than \$750,000 in federal funds in 2023, 2024, 2025, 2026 and 2027.

1.2. TERM

The selected firm shall be designated as the City's auditor for a five-year period commencing with the FY 2023 (fiscal year ending December 31, 2023) audit and continuing through the FY 2027 audit.

Should the selected firm be sold, change ownership or otherwise transfer its assets to a third-party auditor, the agreement to provide auditing services shall be assumed by the successor/third party auditor, except that the City shall have the sole option to terminate this contract without recourse upon receipt of written notification of the assumption of the agreement.

Cancellation of services will require a transition period. This transition period will be a minimum period of 3 months under full-service terms.

2. PROPOSAL PROCEDURES

2.1. ANTICIPATED PROPOSAL SCHEDULE

Issue Request For Proposal	March 31, 2023
Proposals Due	May 1, 2023 by 2:00 p.m.
Review Proposals	May 2 – 8, 2023
Notification of firm selection	May 9, 2023
Selection Made	May 16, 2023 Commission Meeting

2.2. INQUIRIES REGARDING THIS REQUEST FOR PROPOSAL

Additional information concerning this RFP may be obtained by contacting:

- Jennifer C. Waggoner, Finance Director/Treasurer (620) 441-4404 or jwaggoner@arkansascityks.gov
- Copies of the 2021 audit and 2022 and 2023 budgets are available on our website at <https://www.arkcity.org/finance/page/annual-budget-documents> or upon request.

2.3. PROPOSAL SUBMISSION PACKAGE OVERVIEW

The proposal submission package shall include the following information:

- Contact Information
- Transmittal Letter
- Independence and License
- Firm Profile
- Staff Qualifications
- Prior Audit Experience
- Audit Approach
- Audit Quality Control
- References
- Fees for Services

Please refer to Section 5 for complete detail.

2.4. SUBMISSION OF PROPOSALS

Four (4) copies of the Proposal Submission Package should be delivered to:

City of Arkansas City
Attn: Jennifer C. Waggoner
118 W. Central Ave
Arkansas City, KS 67005

Proposals are due by 2 p.m. on Monday, May 1, 2023. Proposals should be in a sealed package, clearly marked "Audit Proposal" on the exterior of the package. Proposals received after the specified date and time, or unsealed or unmarked proposals WILL NOT BE CONSIDERED.

An individual who is authorized to bind the firm to all commitments made in the proposal must sign the proposal.

2.5. EFFECTIVE PERIOD OF PROPOSALS

All proposals must remain in effect for 90 days after the proposal due date.

2.6 EVALUATION AND AWARD CRITERIA

A. General elements (20 points)

- The audit firm is independent and licensed to practice in Kansas.
- The audit firm has no conflict of interest with regard to any other work performed by the firm for the City.
- The audit firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.

B. Fees for services (25 points)

- Provide maximum fee for each annual audit and the fee rate for related services.
- Fee rate will be stated separately for component units for each annual audit.

C. Technical Qualifications (30 points)

- The firm's past experience and performance on Kansas municipal audit engagements, including public utilities.
- 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.

D. Staffing and Procedures (25 points)

- Adequacy of proposed staffing plan for various segments of the engagement.
- Adequacy of audit, review, and reporting procedures.
- Ability to meet or exceed the proposed reporting schedule.

Although price for services will be an important factor in the evaluation of proposals, the City is not required to choose the lowest bidder. Evaluation and acceptance of a proposal will be based on the total package of services offered.

The City Manager, Finance Director and Accountant will review each proposal. After this review, the staff will present their recommendation for consideration by the City Commission.

2.7. RIGHT OF REJECTION BY CITY OF ARKANSAS CITY

The City reserves the right to award this contract to the accounting firm that best meets the requirements of the RFP, and not necessarily to the lowest bidder. Further, the City reserves the right to reject any or all proposals prior to the execution of the contract, with no penalty to the City.

2.8. ANTI-DISCRIMINATION CLAUSE

The City of Arkansas City, being an equal opportunity employer, will not discriminate against any bidder because of race, color, religion, sex or national origin; any person or group which enters into a contract with the City of Arkansas City must agree to comply with any and all applicable federal and state laws regarding the prohibition of discrimination. All bidders, by placing a bid, shall accept the affirmative duty to ascertain and comply with such laws.

3. GENERAL INFORMATION

3.1. BACKGROUND INFORMATION

The City operates under a Commission/Manager form of government. Each elected official serves either a four or two-year term. Arkansas City has a population of 11,929. There are approximately 126 full-time equivalent employees.

The City of Arkansas City offers the following services to its citizens:

- Law Enforcement
- Code Enforcement
- Parks and Facilities
- Municipal Court
- Library
- Fire & EMS Protection
- Water Utility
- Wastewater Utility
- Stormwater Utility
- Sanitation Collection

3.2. BASIS OF ACCOUNTING

The City uses the regulatory basis of accounting. Cash receipts and disbursements are recorded in accordance with the cash basis and budget laws of Kansas.

Each year since 2011, the City of Arkansas City has adopted a resolution to waive the generally accepted accounting principles (GAAP) reporting requirements of K.S.A. 75-1120a, and any amendments thereto. The City plans to continue this practice.

The City uses Tyler Technologies' INCODE V.X financial software for its accounting system and V9 for Utility Billing.

3.3. FUND STRUCTURE

The City uses the following funds in its financial reporting:

General Fund:

- General

Bond and Interest Fund:

- Bond and Interest

Special Purpose Funds:

- Special Recreation & Park
- Special Street & Highway
- Tourism
- Alcohol Program
- Public Library
- Land Bank Fund
- Healthcare Sales Tax Fund
- Unpledged Healthcare Sales Tax Fund
- CID Sales Tax Fund
- Special Law Enforcement Trust
- Equipment Reserve Fund
- Municipalities Fight Addiction Fund

Capital Project Fund:

- Capital Improvement

Business Funds:

- Stormwater Utility
- Water Utility
- Sewer Utility
- Sanitation Utility

Agency Fund:

- Municipal Court

4. OTHER INFORMATION

4.1. STANDARDS

The audits are to be prepared on the basis of cash receipts and disbursement as adjusted to show compliance as set forth by the cash basis and budget laws of Kansas as set forth by the American Institute of Certified Public Accountants, the Kansas Municipal Audit Guide, and if applicable, the standards set forth for financial audits in GAO's Government Auditing Standards, the provisions of the Single Audit Act of 1984 and OMB Circular A-133, and the AICPA industry audit guide Audits of State and Local Governmental Units.

Additionally, the auditor will be responsible for communication and interpretation of any significant changes made in governmental reporting and shall respond to reasonable inquiries by City staff during the contract years.

4.2. FINANCIAL REPORTS AND MANAGEMENT LETTER

The primary outcome of the audit shall be a financial report prepared by the auditing firm. City staff is available for minor consultation, but the principle work shall be the responsibility of the audit firm. The report shall communicate in a separate letter to management any reportable conditions found during the audit.

4.3. WORKING PAPERS

Audit work papers shall remain in the custody of the auditor. However, any succeeding auditors shall be given access to audit work papers and shall have the right to copy such work papers pertaining to the audit for a period of three (3) years after the expiration of the audit contract. Upon request, the auditor will provide copies of work papers pertaining to any questionable costs or findings determined in the audit and must be made available upon request for examination by authorities of federal or state agencies or other governmental oversight agencies.

4.4. REPORTING

In completing the audit(s), the following dates will be adhered to, with subsequent years following corresponding dates:

- A. The City of Arkansas City will have records ready for audit and all management personnel available to meet with the firm's personnel no later than February 28th of each year, for the audit of the prior calendar year. Preliminary fieldwork can be performed at any time after receipt of a signed engagement letter.
- B. The draft of the audit, detailed adjusted trial balance and audit adjusting journal entries shall be available for review no later than May 15th of each year, for the audit of the prior calendar year. The auditor will review the audit draft with City management for each respective audit report before the final report is prepared.
- C. The final audit report and management letters must be dated no later than May 31st each year, for the audit of the prior calendar year. Ten bound copies, one unbound copy and a PDF format copy will be required.
- D. The auditor will have a representative present at a City Commission meeting to discuss the audit and management letter in time to meet the required 240-day reporting requirement of the City's bond issues as stated in the Omnibus Continuing Disclosure Undertaking.

5. PROPOSAL REQUIREMENTS

5.1. STANDARDS

In order to achieve a uniform review process and to obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified below.

- A. **Contact Information** – The name of the proposing firm, firm address and telephone number, name and email address of a contact person, and a signature and date.
- B. **Letter of Transmittal** – A signed transmittal letter briefly stating the proposer understands the work to be done, why the firm believes itself to be best qualified to perform the engagement, and any other information they consider essential to their proposal.
- C. **Independence and License** – The firm should provide an affirmative statement that it is independent of the City in accordance with the professional standards and ethics promulgated by the AICPA. The firm should also provide an affirmative statement indicating that the firm and all assigned key professional staff are properly licensed to practice in Kansas.
- D. **Firm Profile** – At a minimum, the proposal should state the size of the firm, the size of the firm's governmental audit staff, and the location of the office from which the work on this engagement will be performed. The firm must maintain Error and Omission Insurance in an amount standard in the industry for auditors of municipalities, but in no event shall coverage be less than \$100,000 per occurrence.
- E. **Staff Qualifications** – The proposal should describe the qualifications of staff to be assigned to the audit. The description should include the composition of the audit team and prior experience of the individual audit team members. The proposal should include resumes of the individual audit team members.
- F. **Prior Audit Experience** – The proposal should describe prior auditing experience of the proposing office. The experience listing should be limited to the last five years and should include prior experience auditing Kansas municipalities, including electric, water and wastewater utilities, and A-133 audits.
- G. **Audit Approach** – The proposal should set forth a general audit plan, including an explanation of the audit methodology to be followed to perform the services required in the request for proposals. Each proposal should detail the approach to be taken to gain and document an understanding of the City's internal control structures.
- H. **Audit Quality Control** – Briefly describe your firm's quality control and procedures. State whether these policy and procedures have been subjected to a professional "peer review" program to provide for an independent review of their effectiveness. Include a copy of your firms' most recent peer review report and related letter of comments, if applicable.

- I. **References** – The proposal should include at least 3 municipal government client references, including contact persons and telephone numbers.
- J. **Fees for Services** – Provide the firm's all-inclusive maximum fee for the requested work in this proposal. Fee proposal must include a breakdown of audit services for the City, each component unit, and Single Audit.



AUDITING SERVICES PROPOSAL

Name of Accounting Firm: _____

Proposal Submitted by: _____

Address: _____

Contact Person: _____

Email: _____ Phone: _____

Fees for Services:

Year	City	Component Units	Single Audit	Total
2023				
2024				
2025				
2026				
2027				
TOTAL				

Fee Rates for Related Services:

Partner	
Manager	
Staff	

By submitting this Proposal, we hereby submit an offer to provide Auditing Services to the City of Arkansas City, Kansas, pursuant to the terms and conditions established in the City's Request for Proposals, Auditing Services, for the Fiscal Years ending December 31, 2023, 2024, 2025, 2026 and 2027 (hereafter "RFP"). Upon Acceptance by the City of Arkansas City, this shall become a valid and binding contract which shall include all terms and conditions of the RFP, which is incorporated by reference as if fully set forth herein.

Signature: _____ Date: _____

ACCEPTED BY THE CITY OF ARKANSAS CITY, KANSAS

Signature: _____ Date: _____