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TO: Board of Trustees

FROM: Jason Negri, Treasurer
Michelle DeLancey, Director of Accounting & HR

DATE: May 20, 2025

AGENDA ITEM TOPIC: Auditing firm RFP

Number of Supporting Documents: **01**

Background

At Strategic Planning on April 15, 2025, a motion was made to proceed with a Request for Proposals for the Townships Auditing firm. A tentative schedule was set as follows:

- May 20th - board review and approval of the RFP
- May 21st – RFP circulation date
- June 10th – RFP submission deadline
- June 17th – board deliberation of RFPs

REQUEST FOR QUALIFICATIONS & PROPOSALS
ANNUAL FINANCIAL AUDIT SERVICES

Section A – General Information

Hamburg Township is requesting proposals for qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2025, 2026, and 2027.

The examination of the financial records, accounts and procedures by all local units of government shall be made in accordance with generally accepted auditing standards as adopted by the American Institute of Certified Public Accountants in its Statements on Auditing Standards, and the State of Michigan Department of Treasury's Statements of Position and Uniform Reporting Format. The audit must comply with the Michigan Department of Treasury's *Bulletin for Audits of Local Units of Government*. In addition, it will include any other tests of the accounting records and such other auditing procedures the proposer considers necessary in the circumstances.

Section B – Information about the Request

- 1) One (1) hard copy of the proposal should be provided in a sealed envelope clearly marked "Proposals for Audit Services – Hamburg Township" and mailed to:
Michelle DeLancey
Hamburg Township
PO Box 157
Hamburg, MI 48139
- 2) An electronic copy sent with the memo "Proposals for Audit Services" emailed to:
mdelancey@hamburg.mi.us
- 3) Questions about the Township or this proposal should be directed to the contact person regarding the RFP:
Michelle DeLancey, Director of
Accounting
810-222-1134
- 4) RFP's are due to the Township by 5 PM on June 10, 2025.

- 5) The Township Board reserves the right to reject any and all proposals submitted. The Board will make the final selection of the auditor based on evaluation of all responses, qualifications, audit approach, thoroughness and pricing. It is anticipated a selection will be made on June 17, 2025, with proposers to be notified shortly thereafter. Respondents will be notified of any change made to this schedule.

Section C – Description of the Entity to be Audited

Hamburg Township is located in Livingston County. Its population is approximately 22,000 and is governed by a seven-member Board of Trustees.

Hamburg Township will make available upon request its 2023-2024 Financial Statements and management letters, budget records, general ledger reports, payroll files, revenues and receipts. Any records needed during the bidding process will be made available through the RFP contact person outlined in Section B.

The Township has used BS&A for all Fiscal Years 2021-2024 and continues to use BS&A.

Section D – Mandatory Qualifications of the Proposer

- 1) The proposer is properly licensed for public practice as a certified public accountant.
- 2) The proposer meets the independence requirements of the Governmental Auditing Standards published by the U.S. General Accounting Office.
- 3) The proposer furnishes a list of municipal audit client references.

Section E – Assistance Available to the Proposer

Hamburg Township's preceding examinations were performed by Plante Moran.

The Township will make every effort to make available all personnel when necessary to assist in performance of the examination. The Township will provide the auditor with access to its BS&A instance and supporting information for the start of the field work. Township Office Personnel will assist and provide the auditors with detailed accounts from the Township computer system and retrieve and refile invoices or other documentation selected for examination.

The audit staff will be provided with reasonable work space and access to telephones, photocopy, internet and fax machines.

Section F – Nature of Services Rendered

The services will include an audit of the requested financial statements (FY 24-25, 25-26 and 26-27) as well as compliance with pertinent statutory and internal control regulations. Internal control systems will be documented and examined to identify any weaknesses. Any areas of identified risks by the auditor or Council members will be sufficiently examined to determine if proper policies and procedures have been followed or should be implemented. The audit will comply with GASB #34 and GASB #68 reporting requirements. The level of audit necessary is that which at the conclusion of the audit, Council members and audit staff are satisfied that the Township's financial statements are free of material misstatements and control policies are in place or recommended that deliver efficient and lawful procedures for the Township.

Section G – RFP Response

Firms responding to the RFP will be expected to include a technical proposal to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the Township. Substance of the proposal will have more impact than the form or manner of the presentation. The proposal must contain, *at a minimum*, the following information:

- 1) Detailed Work Plan (also refer to Section F – Nature of Services Rendered)
 - a) Explanation of audit methodology
 - i. Financial Statements: *Indicate the scope and level of the audit*, including how the proposer will develop an understanding of the current system in place; testing of balances, transactions, and reconciliations; identify how sample thresholds are set and tested.
 - ii. Internal Control Procedures: *Describe the internal control examination and its extent*. The internal control systems must be examined to determine compliance with compiled laws and regulations.
 - iii. Approach to identification and examination of areas of weakness; these areas could be identified by auditors or Board members. Include any other tests of the accounting records and such other procedures the proposer considers necessary in the circumstances.
 - iv. GASB #34 Reporting Requirements: Define and delineate Township and proposer's requirements and resources needed.
- 2) Profile of Auditor
 - a) Independent Auditor: The firm should provide an affirmative statement that it is independent of Hamburg Township as defined by generally accepted auditing standards.
 - b) Audit Firm:

- i. 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.
 - ii. A description of the range of services performed by the firm including by not limited to this RFP, such as additional accounting and management services.
 - iii. Any additional firm information that would be helpful in the selection process.
 - c) Resources dedicated to this contract:
 - i. The proposer should identify the principal supervisory and management staff who would be assigned to the engagement. These staff members should be identified as to whether each person is a certified public accountant in Michigan, their level of governmental auditing experience and any relevant professional experience or continuing professional education during the past five years. Also identify any support staff that will be assigned to this task. Both management and support staff should be indicated whether they will be utilized on a full or part time basis for this project.
- 3) Reports and Completion of Audit
- a) A report on the audit of the financial statements of Hamburg Township for the fiscal year ended on June 30, 2025.
 - b) Report on the internal accounting and administrative controls employed by the Township including any necessary recommendations.
 - c) Management Letter summarizing audit finding and recommendations.
 - d) Any supplemental reports, schedules or other items required by the State of Michigan, Federal Government, etc., including, but not limited to:
 - Municipal Finance Qualifying Statement
 - e) Prior to finalization of the audit report, an exit conference will be held with the Township Supervisor, Clerk, Treasurer and Director of Accounting to review drafts of the management letter and financial statements.
 - f) Upon completion of the audit report, a verbal presentation to the Board outlining the highlights, special notations and recommendations will be made at a scheduled Board meeting.
 - g) The successful audit firm will be available throughout the year to consult with Township officials regarding matters which may affect accounting and reporting for governmental units.
 - h) The Township intends to file the F65 and Form 5047: Qualifying Statement reports to the state itself. The selected firm must deliver draft results by December 1st and the final results of the audit to the Township at least 2 weeks prior to the state due dates of December 30th of each audit year.
- 4) Pricing Information
- a) The proposal should include all pricing information relative to performing the audit engagement. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including out of pocket expenses. The

bid may be broken out into the following areas:

- i. Inclusive fee that will deliver the “Detailed Work Plan” and “reports and Completion of the Audit” outlined above including the financial statement, internal control evaluation and identified areas of risk examination. Pricing may be broken out and assigned to the four areas of the “Detailed Work Plan” if the proposer feels this would be helpful in the selection process. Indicate fees related to GASB #34 & GASB #68.
- ii. Hourly fees for services that may be retained above and beyond those services outlined in this RFP. Indicate hourly fees by staff classification. Note the quantity, if any, of follow-up consultation discussed in “Reports and Completion of the Audit” section if that will be included in the package bid or billed at an hourly rate to the Township.

5) Time Table:

- a) Proposer should outline first availability of firm resources that is in line with selection of bid. In addition, availability which impacts pricing should also be noted.

Section H – Proposer Warranties

The proposer will warrant that it will not delegate or subcontract its responsibilities under agreement without prior written permission of the Township Board.

Additionally, the proposer will warrant that all information provided by it in connection with this proposal is true and accurate to the best of its knowledge.

In the event that final audit reports prepared by the successful bidder are not acceptable to the State Treasurer, the successful bidder shall, at its own expense, take the necessary steps to prepare and resubmit final audit reports which are acceptable to the State Treasurer.

Section I – Contractual Arrangements

Invoices for services will be paid within 30 days from receipt. The total amount invoiced is not to exceed the bid amount unless the Township Board has approved other arrangements. The Township Board reserves the right to terminate the contract for audit at any time. Service rendered up to that point will be paid and the remaining contract will be nullified.