



REQUEST FOR PROPOSALS

Professional Auditing Services

ISSUED:

August 19, 2024

DEADLINE FOR PROPOSALS:

September 16, 2024
5:00 P.M. Local Time

General Information

The Town of Johnstown (the “Town”) is seeking proposals from qualified certified public accounting firms to provide financial audit services for the year ending December 31, 2024, with the option, on mutual agreement of auditing its financial statements for each of the four (4) subsequent fiscal years. Renewals will be automatic unless either party terminates the agreement prior to October 1st of each subsequent fiscal year by giving the other party written notice.

Submittal Requirements

Proposals may be submitted in a single PDF file no larger than 30 MB and emailed to mmccoy@johnstownco.gov. If electing to submit hard copy proposals instead, deliver seven (7) hard copies and one (1) digital copy to the Town of Johnstown, Attn: Deputy Town Manager, 450 S. Parish, Johnstown, Colorado 80534, or mail to P.O. Box 609, Johnstown, CO 80534. Please allow additional time if mailing proposals to the P.O. Box.

If necessary, interpretation of, or changes to, this RFP will be made by written addendum. All questions must be submitted in writing via email to Mitzi McCoy at mmccoy@johnstownco.gov no later than 3:00 P.M., Friday, August 30, 2024. Questions received after this deadline will not be answered.

RFP Schedule

RFP Released:	August 19, 2024
Final Day for Written Questions:	August 30, 2024
Town Response to Questions:	September 6, 2024
Proposals Due:	September 16, 2024
Interviews (optional):	Week of September 30, 2024
Award	October 21, 2024 (anticipated)

About The Town

The Town of Johnstown, incorporated in 1907, operates under a Council-Manager form of government. With a population of nearly 20,000, Johnstown is a medium-sized community situated in both Weld and Larimer Counties. The Town is a home rule municipality with a charter that mandates an independent annual audit of all Town funds and accounts.

The Town provides the following services: public safety, municipal court, code enforcement, public works, planning and zoning, building services, general governmental services, water, sewer, and storm water utilities, as well as cemetery, and parks management. As such, the Town currently maintains 9 governmental funds, 3 proprietary funds and 1 fiduciary fund. The total annual budget for 2024 is \$138 million, with approximately \$103 million allocated for capital expenditures.

Additional relevant details are as follows:

- The Town's fiscal year begins on January 1 and ends on December 31.
- The Town utilizes modified accrual accounting for governmental funds and full accrual accounting for the enterprise funds.
- The Town participates in the FPPA pension plan for police officers.
- The Town passed a ballot issue to eliminate TABOR beginning January 1, 1999.

SCOPE OF WORK

The Town of Johnstown desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

The audit shall be performed in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants and applicable state and federal regulations. The audit shall cover all Town funds and any component entities which may exist at the time of the audit. The auditing firm may also be requested to provide technical expertise in related areas, including taxation, systems implementation, and internal controls.

In addition, should a single audit be required, the audit must conform to federal single audit requirements and be in accordance with government auditing standards and procedures issued by the U.S. Comptroller General and the U.S. Office of Management and Budget (OMB) 2 CFR part 200, subpart F, Audits of State and Local Governments.

It is contemplated that the selected firm will express an unqualified opinion on the financial statements. If during the performance of the audit, it appears probable that an unqualified opinion cannot be issued, the selected auditing firm must promptly notify the Finance Director in writing, stating all matters which preclude the issuance of an unqualified opinion.

The auditor shall be responsible to directly contact the Town Manager, or appear before Town Council, should concerns raised during the Town audit warrant such contact.

REPORTING REQUIREMENTS

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report of examination of the financial statements stating the scope of the examination and that the audit was performed in accordance with generally accepted auditing standards. It must include an opinion as to whether the statements conform to generally accepted accounting principles. A signed copy of the opinion will be required by the Town.
2. A letter to management containing comments on compliance, recommendations for improvements, and any other comments deemed pertinent by the auditors and recommendations affecting the financial statements, internal control, accounting, accounting systems, legality of actions, other instances of noncompliance with laws and regulations, and any other material matters.

3. A report on internal control and compliance in accordance with the standards for financial and compliance audits contained in the Standards of Audits of Government Organizations, Programs, Activities, and Functions issued by the U.S. General Accounting Office; the Single Audit Act of 1984 (as amended in 1996) and the provisions of OMB circular A-133 (as revised). Findings of ineligible expenditures must be represented in enough detail for management to be able to clearly understand them.

Within the required reports on internal controls and compliance, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. In addition, the following conditions shall be considered reportable:

- Material weaknesses
- Instances of noncompliance
- Irregularities and illegal acts (auditors shall be required to make an immediate, written report of all irregularities and illegal acts or implications of illegal acts of which they become aware to the Town Manager)

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on compliance and internal controls.

4. The Firm shall formally present the audit and its findings to the Town Council on the night the Town Council accepts the audit report and at any other meetings with Council as deems necessary.

WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS

All working papers and reports must be retained at the auditor's expense, according to the appropriate statutory retention requirements, unless the firm is notified in writing by the Town of Johnstown of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- Town of Johnstown
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by the Town of Johnstown as part of an audit quality review process
- Auditors of entities of which the Town of Johnstown is a sub-recipient of grant funds

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.

GENERAL REQUIREMENTS

- **Incurring Cost:** There is no expressed or implied obligation for the Town of Johnstown to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.
- **Amended Proposals:** A Firm may amend their submitted Proposal before the deadline for submission. An amended Proposal must be a complete replacement for a previous submittal and must be clearly identified as such in the transmittal letter.
- **Firm's Rights to Withdraw Proposal:** Firms may withdraw their Proposal at any time.
- **Period of Offer:** Responses to this RFP, including the rate schedule, will be considered for a minimum of ninety (90) days after the due date for the Proposals.
- **Disclosure of Submittal Contents:** Proposals will be kept confidential until a contract is awarded. Once awarded, all proposals and documents pertaining to all Proposals will be open to the public, except any financial information that is marked **CONFIDENTIAL**.
- **Terms and Conditions:** Firms must include with their Proposals a complete set of any additional terms and conditions, which they expect to have included in a contract negotiated with the Town.
- **Contract Deviation:** Any additional terms and conditions which may be the subject of negotiation, will be discussed only between the Town and the selected Firm and shall not be deemed an opportunity to amend the Firm's submittal.
- **Qualifications:** The Town may make such investigations as necessary to determine the ability of the Firm to adhere to the requirements specified within this RFP.
- **Right to Waive Minor Irregularities:** The Town reserves the right to waive minor Proposal irregularities.

ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

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.

WORK AREA, EQUIPMENT ACCESS:

The Town of Johnstown will provide the auditor with reasonable workspace. The auditor will also be provided inquiry access to the Financial Management Software, access to a multi-function machine, and WIFI access. The Town is receptive to a remote audit with the audit firm providing secure data transfer abilities.

REPORT PREPARATION:

The Finance Department staff will be responsible for the preparation, editing and printing of financial statements, notes and all required supplementary schedules and statistical data. The auditor shall provide all recommendations, revisions and suggestions for improvement to the Finance Director. A report, including a draft auditor's report(s) shall be delivered to the Finance Director, preferably by May 31st of each year.

The Finance Director or his/her designee will complete their review of the draft report as expeditiously as possible. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Finance Director within five working days. It is required that this process be completed, the final report accepted by Town Council, and the final audit submitted to the State Auditor’s Office by July 31st of each year.

PROPOSAL REQUIREMENTS

Proposals should be submitted to the following address:

Emailed to:

mmccoy@johnstownco.gov.

If electing to submit hard copy proposals instead, deliver seven (7) hard copies and one (1) digital copy to:

Town of Johnstown
Audit RFP
Attn: Deputy Town Manager
450 S. Parish Avenue
Johnstown, Colorado 80534,

By mail:

Town of Johnstown
Audit RFP
Attn: Deputy Town Manager
P.O. Box 609
Johnstown, CO 80534.

A. TECHNICAL PROPOSAL

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Town of Johnstown 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 Technical Proposal should demonstrate the qualifications of the firm and of the staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed cost proposal). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, the following items must be included, as they represent the criteria against which the proposal will be evaluated.

1. Independence

The firm should provide an affirmative statement that it is independent of the Town of Johnstown as defined by applicable standards. In addition, the firm shall give the Town of Johnstown written notice of any professional relationships entered into during the period of their engagement.

2. License to Practice in Colorado

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

3. Firm Qualifications and Experience

The firm 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 the nature of professional staff to be employed on this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the firm uses subcontractors, the qualifications of each subcontractor should be separately identified and portion of the audit work that will be subcontracted should be identified, if applicable.

If the firm is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve, as the principal auditor should be noted, if applicable.

The firm is 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.

The firm shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years.

The firm shall provide proof of workers' compensation insurance as well as proof of professional liability (errors & omissions) insurance of at least one million dollars of coverage.

In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

4. 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.

Audit personnel may be changed at the discretion of the firm, provided that replacements are properly licensed in Colorado and have substantially the same or better qualifications or experience than the audit personnel they are replacing.

5. Prior Engagements with the Town of Johnstown

List separately all engagements within the last five years with the Town of Johnstown, ranked on the basis of total staff hours and type of engagement (audit, management advisory services, etc). Indicate the scope of work, date, engagement partners, total hours, office location for specific engagement, and the name and telephone number of the principal client contact.

6. Similar Engagements with Other Government Entities

List all engagements performed in the last five years that are similar to the engagement described in this request for proposal indicating the scope of work, date, engagement partners, total hours, and the name and telephone number of the primary client contact.

7. Specific Audit Approach

The proposal shall include a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposal. In developing the work plan, reference should be made to such sources of information as Town of Johnstown's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Firms will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement (The Town's preference is for field work commencing in late March or early April.)

- 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. Type and extent of analytical procedures to be used in the engagement and extent of use of EDP software in the engagement
- e. Approach to be taken to gain and document an understanding of the Town of Johnstown's internal control structure
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work
- g. Approach to be taken in drawing audit samples for purposes of tests of compliance

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 Town of Johnstown.

B. COST PROPOSAL

1. Cost Proposal Requirements

The cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The Town of Johnstown will not be responsible for expenses incurred in preparing and submitting the technical proposal or the cost proposal. Such costs should not be included in the proposal.

The first page of the cost proposal should include the following information:

- a. Name of firm
- b. 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 Town of Johnstown
- c. Separate costs shall be identified for the standard financial audit, and the single audit (if needed) and shall also include the total all-inclusive maximum price for each engagement for the fiscal years 2024, 2025, 2026, 2027, and 2028

d. Any charges for accounting/procedural inquiries throughout the year that are not part of the audit work for the current year.

2. Rates by staff member

Include the rate anticipated hours for each partner, specialist, supervisory and staff level expected to perform the necessary services. The second page of the proposal should include a schedule of professional fees and expenses.

3. Manner of payment

Include the requirement for progress payments.

EVALUATION PROCEDURES

Evaluation Criteria

Evaluation of proposals will be done in accordance with the criteria and procedure defined herein. The following parameters will be used to evaluate the submittals (with weighted values): The rating scale shall be from 1 to 5 with 1 being a poor rating, 3 being an average rating, and 5 being an outstanding rating.

Weighting Values	Qualification	Standard
30%	Scope of Proposal	Does the proposal address all elements of the RFP? Does the proposal show an understanding of the project objectives, methodology to be used and results/outcomes required by the project?
30%	Firm Capability & Reputation	Does the firm have the resources, financial strength, capacity and support capabilities required to complete a comprehensive audit? Has the firm successfully completed previous audits of this type and scope? Are sufficient people of the requisite skills and qualifications assigned to the project?
20%	Cost	Does the cost compare favorably with the Project Manager's estimate and other proposals? Does the firm take any exceptions to the audit submittal dates?
20%	Schedule	Are there any exceptions to the schedule outlined for completion of phases of the work to be performed?

Review of Proposals

The Audit Selection Committee, which will be made up of members of Town Council and Town Staff, will review and evaluate the proposals. Each member of the Audit Selection Committee will rank each technical proposal based on the **EVALUATION CRITERIA** listed above. The Audit Selection Committee will then convene to review and discuss these evaluations and the rankings from each committee member to determine an overall ranking of each firm.

The Town of Johnstown reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

During the evaluation process the Town of Johnstown reserves the right, where it may serve the Town of Johnstown's best interest, to request additional information or clarifications from the firms, or to allow corrections of errors or omissions.

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

FINAL SELECTION

The Town of Johnstown will select a firm based upon the recommendation of the Audit Selection Committee.

It is anticipated that a firm will be selected on or about October 7, 2024. Following notification of the firm selected, it is expected that a contract will be executed between both parties by October 21, 2024.

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 Town of Johnstown and the firm selected.

The Town of Johnstown reserves the right to reject any or all proposals.