

CITY OF VAN ALSTYNE, TEXAS
Request for Qualifications
RFQ 2017
Forensic Audit Services

CLOSING
December 11, 2017
3:00 P.M. LOCAL TIME

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REQUEST FOR QUALIFICATIONS

I. INTRODUCTION

A. General Information

The City of Van Alstyne (the "City") is accepting sealed qualifications from qualified firms of Certified Public Accountants ("CPAs") to audit financial statements and revenue and expenditure documents for all funds and departments during the fiscal years of 2012, 2013, 2014, 2015, 2016 and 2017. The purpose of these services is to conduct a forensic or 'fraud' audit.

These audits are to be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of the federal Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments, and the provisions of the 1994 AICPA Audits of State and Local Governmental Units, as well as follow any additional requirements: examination for compliance with procedures established by Ordinance or, where applicable, State and Federal Laws or regulations, including the Texas Code of Criminal Procedures.

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

Any inquiries concerning the Request for Qualifications ("RFQ") should be addressed to Larry Cooper, Mayor, 903-482-5426 or lolincooper@yahoo.com or to Jennifer Gould, City Clerk, 903-482-5426 or jgould@cityofvanalstyne.us.

Copies of this RFQ may be obtained from City Hall, 242 E. Jefferson St., Van Alstyne, TX 75495, or online at www.cityofvanalstyne.us.

To be considered, proposals must be submitted by December 11, 2017 at 3:00 p.m. to the attention of the City of Van Alstyne at 242 E. Jefferson St. in a sealed envelope with the outside clearly labeled as "PROPOSAL FOR FORENSIC AUDIT SERVICES." Late submissions will not be accepted under any circumstances. The time/date stamp in City Clerk's office shall be the official time of receipt.

The proposals will not be publicly opened.

Awards will be made during a succeeding city council meeting.

The City will select a firm or individual based on demonstrated qualifications, competence and experience that best serve the interests of the City. The City reserves the right to reject

any and all proposals, and to waive any and all technicalities, and to request additional information from respondents to clarify any areas of the proposal. The City reserves the right to issue a new RFQ as well. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFQ, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected. The RFQ is not to be considered as a contract or as a commitment of any kind. If this RFQ results in a contract offer by the City, a specific scope of work, fees, insurance coverage, and other contractual matters will be determined during contract negotiations.

B. TERM OF ENGAGEMENT

A one-year contract is contemplated, subject to satisfactory performance, the satisfactory negotiation of terms (including price acceptable to both the City and the selected firm), and the concurrence of the City Council and the annual availability of the appropriation. The City reserves the right to negotiate all elements that comprise the successful respondent’s response to ensure that the best possible consideration be afforded to all concerned.

II. NATURE OF SERVICES REQUIRED

A. GENERAL

The City is soliciting the services of qualified firms of CPAs to audit financial statements and revenue and expenditure documents for all funds and departments during the fiscal years of 2012, 2013, 2014, 2015, 2016 and 2017. These audits are to be performed in accordance with the provisions contained in this RFQ.

B. SCOPE OF WORK TO BE PERFORMED

The City desires the auditor to examine financial statements and revenue and expenditure documents for all funds and departments.

FUND		DEPARTMEN	
		T	
10	General Fund	400	Administration
11	Insurance Trust Fund	411	Library
20	Court Security & Technology	412	Museum
21	Police Seizure Fund	415	Main Street
40	Debt Service Fund	543	Fire Operations
50	Capital Projects Fund	544	Emergency Medical Services (EMS)
60	Water & Sewer Fund	545	Fire Prevention
65	Enterprise Fund Debt Service	546	Fire Administration
80	S&N Enterprises	550	Police
98	General Fixed Assets Accounts	551	Communications

99	General Long Term Debt Accounts	552	Municipal Court
		555	Park
		561	Senior Center
		562	Community Center
		580	Street
		611	Debt Service Fund
		625	Grant Projects
		701	Water
		705	Sewer

In examining the above, it is expected that the auditor will perform field and verification work, including interviews with relevant persons.

At a minimum, the auditor will examine the following questions in relation to the above:

- Did fraud, theft, waste, abuse or collusion occur in relation to any aspect of the financials?
- Were all applicable local, state and federal policies, regulations and laws adhered to?
- Did city employees and officials act diligently, and in the interest of the City, in relation to the program?

On occasion, the City may request the auditor to perform other audits and reviews not specifically provided for under this section.

The City reserves the right to contract any additional audits or reviews with whomever it chooses.

C. AUDITING STANDARDS TO BE FOLLOWED

To meet the requirements of this RFQ, the audit shall be performed in accordance with:

Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's (GAO) Government Auditing Standards (1994), the provisions of the federal Single Audit Act of 1984 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments as well as the following additional requirements: examination for compliance with procedures established by City Ordinance or, where applicable, State and Federal Laws or regulations, including the Texas Code of Criminal Procedures.

D. REPORTS TO BE ISSUED

Following the completion of the audit of the fiscal year's financial statements the auditor

shall issue a report identifying whether any irregularities or illegal acts were detected in connection with all funds and departments identified in the scope of services.

The report shall detail any evidence of illegal or irregular acts, and contain recommendations for the correction of conditions that may lend themselves to irregular or illegal acts. The report should cite relevant laws or regulations; where findings in the audit are related to irregularities, the report should identify best practices.

E. WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS

All working papers and reports must be retained, at the auditor's expenses, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request.

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

F. SPECIAL CONSIDERATIONS

If irregularities or illegalities are discovered as a result of the forensic audit, the city anticipates that the audit report will be submitted to legal authorities for review.

In the event of civil or criminal proceedings, the city expects that the auditor will make him or herself available as a witness.

G. SAFEGUARDING OF CITY'S INFORMATION AND DATA

The auditor shall safeguard all information and data provided by the City. Further, the auditor shall not sell or make available data or mailing lists compiled from data received from the City without the express written approval of the City Council, through the City Clerk, with appropriate remuneration to the City.

H. PUBLIC INFORMATION ACT

Excepts as allowed or required by law, all documents submitted as part of the proposal response will be deemed confidential during the evaluation process. Following award of contract, all proposals become public documents and are available for public viewing upon written request. Respondent's proprietary or confidential information should be clearly marked: "CONFIDENTIAL – DO NOT DUPLICATE WITHOUT PERMISSION". Notwithstanding the foregoing, each respondent acknowledges that the City is subject to the Texas Public Information Act. In addition, nothing in this RFQ places any obligation on the City to notify a respondent of a request for information or to otherwise ensure confidentiality.

I. NO BOYCOTT OF ISRAEL

Respondent verifies that it does not Boycott Israel, and agrees that during the term of the executed contract will not Boycott Israel as that term is defined in Texas Government Code Section 808.001, as amended.

J. COMPANIES ENGAGED IN BUSINESS WITH IRAN, SUDAN, OR FOREIGN TERRORIST ORGANIZATION

Respondent affirms by submitting a response to this RFQ, pursuant to Texas Government Code Chapter 2252, Subchapter F, that it is not identified on a list created by the Texas Comptroller of Public Accounts as a company known to have contracts with or provide supplies or services to a foreign terrorist organization.

III. DESCRIPTION OF THE GOVERNMENT

A. NAME AND TELEPHONE NUMBER OF CONTACT PERSON

The auditor's principal contact with the City will be Mayor Larry Cooper and Jennifer Gould, City Clerk. Telephone 903-482-5426.

B. BACKGROUND INFORMATION

The City of Van Alstyne was established in 1873, and operates under a council/manager form of government. City government is comprised of governmental and enterprise functions.

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. FINANCE DEPARTMENT 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. The preparation of confirmations will be the responsibility of the auditing firm. Photocopying of any necessary documents to perform the audit, i.e., invoices, bank statements, reports, etc., will be the responsibility of the auditing firm.

The City will make its records and staff available to the auditor. Availability of third-party personnel and documents is at the discretion of third-parties.

B. WORK AREA, TELEPHONE, PHOTOCOPYING, AND FAX MACHINES

The City will provide the auditor with available workspace during normal business

hours. The auditor will be provided with access to a Wi-Fi connection, photocopying facilities and a fax machine.

C. REPORT PREPARATION

Audit reports are to be addressed to the City Council.

V. PROPOSAL REQUIREMENTS

A. GENERAL REQUIREMENTS

1. Inquiries

Inquiries concerning this RFQ and the subject of the request for RFQs must be made to:

City of Van Alstyne

Larry Cooper (lolincooper@yahoo.com) or Jennifer Gould (jgould@cityofvanalstyne.us)

All responses to inquiries will be in writing and issued as addenda to the RFQ. Any addenda issued prior to the submittal deadline shall become part of the RFQ and any information required shall be included in the proposal.

2. Submission of Proposals

The deadline for proposals to be submitted is December 11, 2017 3:00 pm. The proposal should be sent to 242 E. Jefferson St, Van Alstyne TX 75495. Proposals should be submitted in a sealed envelope with the outside clearly labeled as "PROPOSAL FOR FORENSIC AUDIT SERVICES."

The City reserves the right to reject any and all proposals, to waive any and all technicalities, and to request additional information from respondents to clarify any areas of the proposal.

B. SUBMITTALS

1. General Requirements

Respondents must provide the following information in their submission in order to be considered responsive. The purpose of the submissions is to demonstrate the qualifications, competence, experience and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this RFQ. The submissions should demonstrate the qualifications of the firms and of the particular staff to be assigned to this engagement. It should also specify the audit approach that will meet the RFQ requirements.

Submissions should give the full firm name, delivery address, and contact information of respondent. The person signing the submission should show title and authority to bind his or her firm in any future contract.

Each respondent should submit a letter of transmittal, limited to two pages, that includes:

- A brief statement of the respondent's understanding of the scope of work;
- The names titles, mailing and email addresses, and telephone numbers of the individuals who are authorized to make representations on behalf of the respondent;
- A statement that the person signing the transmittal letter is authorized to legally bind the respondent;
- Identification of a single point of contact to respond to any questions regarding the submission.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE SUBMITTALS.

The submittals should address all the points outlined in the RFQ. The submission should be prepared simply and economically, providing a straightforward concise description of the respondent's capabilities to satisfy the requirements of the RFQ. While additional data may be presented, the following subjects, items 2-7, must be included. They represent the criteria against which the submissions will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards (1994).

The firm also should provide an affirmative statement that it is independent of all the component units of the City as defined by those same standards.

The firm should also list and describe the firm's professional relationships involving the City or any of its component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Texas

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

4. 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 basis and the number and nature of the staff to be so employed on a part-time basis.

Please describe the firm's experience in the conduct of fraud or forensic audits.

5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a CPA in Texas.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate the quality of staff over the term of the agreement will be assured.

The firm should provide as much information as possible concerning the qualification of non-CPA staff who will be providing services related to the forensic audit, such as investigators.

The proposal should identify the extent to which staff, to be assigned to the audit, reflect the City's commitment to diversity.

Audit personnel may be changed at the discretion of the proposed provided that replacements have substantially the same or better qualifications or experience.

6. 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 City.

7. References

Each respondent must provide no less than three (3) client references for similar audits.

The list of clients must include the following information:

- Name and address of client;
- Name and current phone number of client contact who was directly involved with the audit; and
- Contract start date and duration.

The City will contact these references and used in conjunction with the evaluation of the submissions.

VII. EVALUATION PROCEDURES

A. EVALUATION CRITERIA

Proposals will be evaluated based on three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored. The following represent the principal selection criteria which will be considered during the evaluation process.

In the event that oral interviews are necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. It should be understood that while the total score is a significant factor, the City reserves the right to consider other factors in making a final selection of the firm that will serve the best interest of the City.

1. Mandatory Elements (40 points)

Qualifications will not be considered for further evaluation unless there is compliance with all of the following criteria. The interested accounting firm:

- a.) Must be independent and licensed to practice in Texas;
- b.) Must meet the independence standards of Government Auditing Standards, United States Government Accountability office (GAO);
- c.) Professional personnel are qualified;
- d.) Has no conflict of interest with regard to any other work performed by the firm for the City;
- e.) Has a record of quality audit work; and
- f.) Adheres to the instructions in this RFQ on preparing and submitting the proposal

2. Technical Qualifications (40 points)

Qualifications which have met each of the criteria in section 1 above will be evaluated on the following criteria:

A. Expertise and Experience

- a.) The firm's past experience and performance on comparable government

engagements

b.) 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. Including:

- Size and structure of the firm, including audit positions;
- Education, including continuing education courses taken during the past two years; and
- Years and types of experience.

c.) General direction and supervision to be exercised over the auditor by the firm's management personnel.

B. Audit Approach

a.) Adequacy of proposed staffing plan for various segments of the engagement

b.) Adequacy of analytical procedures

c.) Adequacy of sampling techniques

3. References, Cost Control Experience, Results (20 points)

Respondents will be evaluated on satisfactory client references: budget, cost controls experience, and results.

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.

Oral Interviews (If City deems it necessary)

Interview Points Awarded

B. FINAL SELECTION

The City will select a firm based upon demonstrated qualifications, competence and experience that best serve the interests of the City. Upon selection of a firm, the City and the selected respondent shall enter into negotiations regarding the price and compensation terms. If those negotiations are not successful, the City shall commence negotiations with the next highest point respondent in ascending order.

C. RIGHT TO REJECT PROPOSALS/WAIVER OF TECHNICALITIES

The City reserves the right, without prejudice, to reject any or all proposals, and to waive any and all technicalities. The City reserves the right to issue a new RFQ as well. Responses may be disqualified for any of, but not limited to, the following reasons:

- Collusion among respondents;
- Failure to comply with or inclusion of terms and conditions in conflict with, the terms of this RFQ, or City's procurement rules and procedures; or
- Failure to meet minimum response requirements established in the RFQ.