

VILLAGE OF VOLENTE

**REQUEST FOR PROPOSAL (RFP)
PROFESSIONAL AUDITING SERVICES**

Issue Date: September 25, 2023

Proposal Due Date: October 31, 2023

Solicitation # 2023-RFP-Auditor

Village of Volente
16201 Dodd Street, Ste. 100
Volente, TX 78641

Village of Volente, Texas
Request for Proposal Professional Audit Services

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1. INTRODUCTION

1.1 The Village of Volente (the Village) is soliciting proposals from qualified firms of certified public accountants to audit its financial statements for fiscal years ending September 30, 2020, September 30, 2021 and September 30, 2022 and for each of the two (2) subsequent years. The term of the audit contract will be for three (3) years, with an optional renewal for two (2) two-year terms, provided both parties agree in writing, not to exceed a maximum contract period of five (5) years. These audits are to be performed in accordance with generally accepted auditing standards, and, if applicable, the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) Government Auditing Standards.

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

1.3 During the evaluation process, the Village reserves the right, where it may serve the Village's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Village, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

1.4 The Village reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Village and the firm selected.

1.5 It is anticipated that selection of a firm will be completed prior to March 1, 2023.

1.6 Term of engagement. A three year contract, with two (2) optional two-year extensions, is contemplated, subject to the annual review and recommendation of the City Council, the satisfactory negotiation of terms (including a price acceptable to both the Village and the selected firm), and concurrence of the City Council and the annual availability of appropriation. The total term of the engagement will not exceed seven (7) years.

1.7 Subcontracting. No subcontracting will be permitted without the express prior written consent of the Village.

2. CALENDAR OF EVENTS

The following is a proposed calendar of events for the auditor selection. Dates are subject to change.

<u>Date</u>	<u>Descriptions of Events</u>
September 25, 2023	Issue Request for Proposal
September 28, 2023, and October 5, 2023	Publish Notice of RFP in local newspaper
October 20, 2023	Due Date for clarification or requirements by 3:30 pm
October 31, 2023	Receive proposals by 3:30 pm
November 21, 2023	Final recommendation to City Council

3. CRITERIA FOR EVALUATION

3.1 The City Administrator and Chair of Budget, Finance and Administration will review the submitted proposals. The recommendation will be based on the proposal determined to be most advantageous on behalf of the Village and the taxpayers.

3.2 The Village Budget, Finance and Administration committee may interview the top firms chosen. The City Council may also request to interview the top firms.

3.3 While the Village desires to achieve a cost-effective audit, the emphasis is on quality, not low fees. However, the estimated fees and proposed hourly rates will be the basis upon which a final contract is negotiated.

3.4 The following additional evaluation criteria will be considered in the evaluation process:

- 3.4.1 The audit firm is independent and licensed to practice in the State of Texas;
- 3.4.2 The audit firm's professional personnel have received adequate continuing professional education within the preceding two years; and
- 3.4.3 The firm has no conflict of interest with regard to any other work performed by the firm or the Village.
- 3.4.4 The firm has successfully passed Peer Review within the preceding three years.
- 3.4.5 The firm has successfully

4. SCOPE OF AUDIT SERVICES REQUIRED

4.1 The Village desires the auditor to express an opinion on the fair presentation of the Village's general-purpose financial statements in conformity with generally accepted accounting principles.

4.2 The Village also desires the auditor to express an opinion on the fair presentation of its combined and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles.

4.3 To meet the requirements of this RFP, the audit should be performed in accordance with Generally Accepted Auditing Standards (GAAS) as set forth by the American Institute of Certified Public Accountants, and the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards if applicable.

4.4 The financial statements of the Village Special Revenue Fund for Street Maintenance are included within the scope of the Village's annual audit.

4.5 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 three (3) years, unless the firm is notified in writing by the Village of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the Mayor and/or City Secretary.

5. DESCRIPTION OF THE VILLAGE

5.1 Inquiries. The Village's day-to-day working relationship with the independent auditors will be coordinated by Lacie Hale, City Administrator/Secretary. Inquiries regarding the RFP may be addressed to her as previously defined in the RFP. Inquiries should be conducted during normal business hours, Monday through Friday, 9:00 am to 3:30 pm.

5.2 The Village of Volente is a General Law Type B municipality located in the Texas Hill Country, 18 miles northwest of downtown Austin. The village is less than two square miles in size and bordered by the spectacular Lake Travis on one side and the lush Balcones Canyonlands Preserve on the other.

The current population of Volente, Texas is 569 based on our projections of the latest US Census estimates. The last official US Census in 2020 recorded the population at 561. The Village office is staffed by 2 full-time employees providing administrative support in policy planning, implementation, and enforcement. In addition, the Village hires outside consultants as needed for expertise in specific areas. The Village's fiscal year begins on October 1st and ends on September 30th of the following year.

More detailed information about the Village and its finances can be found in the prior year Audit Report and Budget documents. These, along with other information, are available on the Village's website at <https://www.villageofvolente-tx.gov/>

5.3 Fund Structure. As of October 1, 2020, the Village's fund structure is as follows:

Fund Type	Number of Individual Funds	Number with Legally Adopted Annual Budgets
General Fund, including Committed Road Maintenance Fund and Restricted Parkland Fund	1	1
Special Revenue Fund -Sales Tax for Street Maintenance	1	1

5.4 The Village prepares its budgets on the modified accrual basis of accounting for all funds. Capital outlay is budgeted as an expense in the applicable fund.

5.5 During the fiscal year(s) to be audited, the Village may receive the following grants and/or financial assistance: ARPA.

5.6 Pension Plans. The Village does not actively participate in the Texas Municipal Retirement System. The Plan was closed 2014, with one participant.

5.7 Availability of Prior Audit Reports and Working Papers. Interested proposers who wish to review prior years' audit reports and management letters should contact the person so named in this RFP. The Village will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this RFP.

5.9 Computer Systems. The Village currently uses QuickBooks for its General Ledger and detailed accounting transactions through an independent bookkeeping service.

5.10 Implementing New Accounting Standards. The auditor's assistance and consultation will be required in implementing new GASB and FASB statements at the earliest possible date, even if prior to the required effective date.

5.11 Management Letter.

- 5.11.1 The auditor will communicate in a letter to management any reportable conditions found during the audit. A reportable condition is defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses should be identified as such in the report.
- 5.11.2 The management letter will be presented to the Village's City Council. However, all significant management recommendations should be discussed with the Mayor and City Administrator/Secretary as they are discovered, so that the Village can ensure immediate correction of any problems. An interim management letter may be requested depending on the nature of findings.

5.12 Working papers and Time Budgets. The Village may require copies of all major working papers. The audit working papers will be made available to the Village, to subsequent auditors, and to federal and state audit agencies, as necessary, at no charge.

5.13 The audit time budget will be reviewed with the Mayor and City Administrator/Secretary prior to commencement of field work. An accounting of hours devoted to the job compared to budget will be submitted to the City Administrator/Secretary before final payment is made by the Village.

5.14 Form 1295 – The Texas Government Code, Sections 2252.908 requires a business entity to submit a disclosure of interest parties to the governmental entity at the time the business entity submits the signed contract to the governmental entity following the guidelines prescribed by the Texas Ethics Commission at www.ethics.state.tx.us. The law applies to contracts that require an action or vote by the governing body of the governmental entity before the contract is signed.

The completed Form 1295 must be submitted electronically by the business entity to the State of Texas. The Form 1295 will only need to be completed by the awarded vendor of the contract. The Village will officially acknowledge the Form 1295 submitted by the awarded vendor, causing it to be publicly posted on the Texas Ethics Commission website

6. AUDIT QUALIFICATIONS & QUESTIONS

6.1 The Village realizes that the audit firm may have local government audit and consulting expertise nationally. While this is important, the Village is most interested in local government expertise available in the "local office." The local office is defined as the office from which the audit engagement will be managed and primarily staffed.

6.2 The following items should be answered and/or discussed in the RFP:

- 6.2.1 A brief statement as to why the proposing firm is qualified to provide auditing services to the Village of Volente. Proposer's response may include the firm's strengths, the local office's strengths and the firm's audit philosophy.
- 6.2.2 Detail the firm's overall qualifications and abilities to meet the specific requirements of this proposal including the size of the firm, the number of offices, and the number of partners and staff in the local office.
- 6.2.3 Identify which local office would be assigned to this engagement and list the qualifications and background of the personnel who will be directly involved with this audit.

Include the names of the partners, managers, and staff that will be assigned to the Village engagement. Describe the experience of personnel and include resumes as an appendix.

- 6.2.4 Provide a list of local government clients served by the local office in the past five years and give a contact name, telephone and email address for each. Please designate which are current clients.
- 6.2.5 Describe any disciplinary action imposed on the local office by the AICPA, state board, state society, or SEC during the past five years.
- 6.2.6 Describe the results of your firm's and local office's most recent peer review and its status under the AICPA peer review program.
- 6.2.7 Disclose any relationships that may exist between the Village and the management and members of the firm which might impair the firm's independence.
- 6.2.8 Outline the audit plans for the audit work to be performed. Describe what your firm's philosophy will be with respect to the audit of the Village.
- 6.2.9 Indicate the firm's agreement with respect to the Scope of Audit Services. Any disagreement or deviation with these terms should be expressed in the proposal, as the Village plans for incorporate the proposal into a final contract by reference.

7. BIDDING INSTRUCTIONS/REQUIREMENTS

7.1 Filing. One (1) original copy or one (1) electronic copy, suitable for reproduction by the Village, clearly marked “Professional Audit Services Proposal”, no later than 3:30 p.m. (CST) on October 31, 2023:

Submit Proposal to: Village of Volente

Lacie Hale
16201 Dodd Street, Ste. 100
Volente, TX 78641

NO PROPOSAL WILL BE ACCEPTED AFTER 2:00 P.M. LATE PROPOSALS WILL BE RETURNED UNOPENED TO THE PROPOSER.

7.2 Responses. The proposing firm uses this RFP form as the OFFICIAL PROPOSAL to submit information and to answer questions. Any alterations, changes or deletions to this RFP may be grounds for the Village to disregard and reject the entire proposal. Attachments are acceptable and recommended if specifically, identifiable and appended.

7.3 Additional Information. The Village reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the proposal before and after submission, any and all of which may be used in forming a recommendation.

7.4 Rejections. The Village reserves the right to reject any and all proposals and to accept the proposal deemed most advantageous to the Village.

7.5 The first page of the proposal should indicate the name and address of the local office and the name, phone number and email address of a person(s) to contact with questions and to set up an interview.

7.6 Proposals must contain a table of contents and should include the answers to each question in the Auditor Qualification and Questions section. Please number the answers corresponding to the questions and/or requests in this RFP.

7.7 The resumes of key personnel should be included as an appendix to the proposal. The proposing firm will designate and commit individuals to perform the audit work.

7.8 No replacements or substitutions of the above positions shall be permitted without the Village's knowledge and consent.

7.9 Any additional data may be included in the proposal at the proposer's discretion. Please include such material as an appendix.

7.10 Appointment. The final appointment of an audit firm will be made by the Village of Volente City Council.

7.11 Specific audit approach. The proposal should set forth a work plan, including explanation of the audit methodology to be followed, to perform the services as specified in this RFP. In developing the work plan, reference should be made to such sources of information as the Village's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. In addition, proposers are required to provide the following information on their audit approach:

- 7.11.1 Proposed segmentation of the engagement;

- 7.11.2 Level of staff and number of hours to be assigned to each proposed segment of the engagement;
- 7.11.3 Sample sizes and the extent to which statistical sampling is to be used in the engagement;
- 7.11.4 Type and extent of analytical procedures to be used in the engagement;
- 7.11.5 Approach to be taken to gain and document an understanding of the Village's internal control structure;
- 7.11.6 Approach to be taken in determining laws and regulations that will be subject to audit test work.

7.12 Audit cost bid. The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive (not to exceed) maximum price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses.

- 7.12.1 The dollar cost bid should include:
 - a. Name of Firm
 - b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the fee estimate and authorized to sign a contract with the Village.
 - c. A total all-inclusive maximum price for each of the fiscal years ending September 30, 2020-2022.
 - d. A total all-inclusive maximum price for the preparation of the (including notes to the financial statements) and identify the fee for out-of-pocket expenses, separately, for each of the fiscal years ending September 30, 2020, 2021 and 2022.
 - e. Method to be employed to calculate future year audit costs (i.e. for the additional two - year extension option).

7.13 Rates for additional professional services. If it should become necessary for the Village to request the auditor to render any additional services to, either supplement the services requested in this RFP, or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work should be performed only if set forth in an addendum to the contract between the Village and the firm. Any such additional work agreed to between the Village and the firm shall be performed at the same rates as specified herein.

7.14 Method of payment. Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's cost proposal. Interim billings shall cover a period of not less than a calendar month.

7.15 The contents of the proposals will be considered confidential information by the Village, during the evaluation process. However, upon final award of the contract by City Council, all proposals will be available to the public for review and inspection.

7.16 Work area, telephones and photocopying. The Village will provide the auditor with reasonable workspace, desk and chairs. The auditor will also be provided reasonable access to appropriate telephones, photocopy machines and internet connections.

7.17 Warranties. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Village.

APPENDIX I

Work Schedule

Below is the proposed timing for audit completion:

<u>Date</u>	<u>Description of Events</u>
September 30	End of Village's fiscal year
February 1	Initial trial balance and detailed general ledgers available to auditor; General ledger close by the Village
March 15	Completion of audit field work and proposed adjusting entries submitted to the Village
April 15	Audit opinion and annual financial report draft completed by auditor
3 rd Tuesday in May	Presentation to City Council