



## **TOWN OF FAIRVIEW, TEXAS**

### **Request for Proposal – Auditing Services**

The Town of Fairview, Texas seeks proposals in response to this Request for Proposal from qualified and experienced public accounting firms to obtain services for performance of the Town's annual financial audit for the three fiscal years ending September 30, 2014, 2015 and 2016 (with an option to renew for two years)

**TOWN OF FAIRVIEW  
RFP # 14-001  
PROFESSIONAL AUDITING SERVICES**

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**TOWN OF FAIRVIEW  
RFP #14-001  
PROFESSIONAL AUDITING SERVICES**

**1. General Information**

**1.1 Purpose**

The Town of Fairview, Texas (hereinafter referred to as the Town) seeks proposals in response to this Request for Proposal (RFP) from qualified and experienced public accounting firms whose principal officers are independent certified public accountants (hereinafter referred to as "proposers" or "the proposer," with related pronoun reference "he" or "his" to be interpreted without regard to gender). The objectives of this RFP are:

- 1.1.1 To obtain audit services for performance of the Town's annual financial audit for the three fiscal years ending September 30, 2014, 2015 and 2016 (with an option to renew for two years).
- 1.1.2 To obtain other related services, on a per request basis, as stated herein.

**1.2 Inquiries from Proposers**

Questions related to this RFP must be submitted verbally at the pre-proposal conference (Section 1.3) or in writing no later than July 9, 2014. Written questions should be directed to:

Jason B. Weeks  
Chief Financial Officer  
Town of Fairview  
372 Town Place  
Fairview, TX 75069

Proposals should be received on or before 2:00 PM, July 31, 2014. It is the proposer's responsibility to ensure that he/she has received any and all addenda related to the proposal. It shall be the sole responsibility of the respondent to insure that their proposal is received by the Finance Office within the time limit indicated. Late proposals will not be considered.

**1.3 Pre-proposal Conference**

A pre-proposal conference will be held on July 15, 2014 at 1:00 PM in the Town Hall Council Chambers, at 372 Town Place, Fairview, Texas 75069. Attendance is not mandatory; however, the deadline for questions regarding this RFP is the close of the pre-proposal conference.

#### **1.4 Costs Incurred in Responding**

All costs directly or indirectly related to preparation of a response to this RFP, any oral presentations required to supplement and/or clarify a proposal, and/or reasonable demonstrations which may be, at its discretion, required by the Town shall be the sole responsibility of and shall be borne completely by the proposer.

#### **1.5 Response Instructions**

Four copies of the proposal should be returned in a sealed envelope bearing the name and address of the respondent and the Request for Proposal Number. The cost proposal form should be submitted in a separate envelope attached to the proposal and bearing the RFP number. Your proposal may be mailed or hand delivered to:

Jason B. Weeks  
Chief Financial Officer  
Town of Fairview  
372 Town Place  
Fairview, TX 75069

Late proposals will not be considered. Deadline for submission is 2:00 PM July 31, 2014. The Town of Fairview cannot guarantee, due to internal mail delivery procedures that any proposals sent priority mail will be picked up from the post office by Town mail employees and delivered to the Finance Department by the closing date and time. Fairview doesn't have a U.S. Post Office facility within the city limits; it is recommended that proposal deliveries be made either in person or via an alternate delivery method ensuring delivery to the physical address. **Proposer shall bear full responsibility for ensuring that the proposal is delivered to the specified location by due date and time.** Late proposals and incomplete proposals will be rejected as non-responsive.

#### **1.6 Proposal Acceptance Period**

All proposals must include a statement that they are valid for a minimum period of 90 days subsequent to the RFP closing date.

#### **1.7 Competitive Selection/Evaluation Factors**

This procurement will comply with applicable Town of Fairview Policy. The successful proposer will be selected on a rational basis, with both qualifications and price considered in the selection process. Evaluation factors outlined below shall be applied to all eligible, responsive proposers in comparing proposals and selecting the successful proposer. Award of a contract may be made without discussion with proposer after proposals are received. Proposals should therefore be submitted on the most favorable terms.

Each proposal will be rated on a 100-point scale. Proposal evaluation factors, with the maximum points awardable shown in parentheses, are as follows:

- 1.7.1 Demonstrated experience, qualifications, and professional activities of the audit team and the firm, including technical expertise of supervisory staff available to perform "on-site" work and resources readily available to the firm in key areas for the Town. These key areas include such specialization as municipal government and Federal funding auditing (40).
- 1.7.2. Total evaluated cost (20).
- 1.7.3 Responsiveness of the proposal in clearly stating an understanding of the work to be performed; responsiveness to terms and conditions, including scheduling; completeness and thoroughness of the technical data and documentation (20).
- 1.7.4 Commitment to Governmental Accounting and Auditing - The demonstration of the firm's commitment to governmental issues by knowledge of current issues and membership in related organizations such as the Government Finance Officer's Association, or Texas Municipal League. In addition, the firm's ability to communicate to the Town changes in relevant regulations and the public financial/accounting/auditing environment. This communication should include the offer of CPE training to Town personnel on current or relevant issues (20).

Selection and award will be based on demonstrated competence and qualifications to perform the service requested for a fair and reasonable price.

Fees proposed for the resulting contract must be consistent with, and not higher than, the recommended practices and fees published by any applicable professional associations and may not exceed any maximum provided by law.

Oral interviews may be arranged at the discretion of the evaluation team to assist in making the final selection.

## **1.8 Review Committee/Evaluation Process**

Staff will evaluate the proposals using a matrix based on the factors described above. A preliminary evaluation will be done independently by each staff participant. Participants will then meet to discuss their evaluations; after discussion, a final evaluation will be done by each participant and the total points awarded to each proposer will be tallied.

A recommendation will be presented for final selection by the Town Council.

## **1.9 Additional Information**

The Town reserves the right to require additional technical and pricing information during the evaluation period. Each proposal must designate person(s) who will be responsible for answering technical and contractual questions.

## **1.10 Negotiations**

The Town reserves the right to negotiate all elements of a proposal to ensure that the best possible consideration be afforded to all concerned. The Town reserves the right to reject any or all proposals and to re-solicit for services.

## **1.11 Release of Information**

Submission of information by the proposer shall not be publicly released by the Town during the proposal evaluation process nor prior to contract award unless required under a court order, the Texas Public Information Act, or other applicable law.

## **1.12 Contract Incorporation**

Proposers should be aware that the contents of the successful proposal will become a part of any subsequent contractual document that may arise from this RFP. Failure of a proposer to accept this obligation may result in the cancellation of any award. If there are any direct conflicts between the successful proposal and the subsequent contractual document, the contractual document will prevail.

## **1.13 Rights and Remedies**

The rights and remedies of the Town provided herein shall not be exclusive and are in addition to any other rights and remedies provided by law or under any subsequent contract.

## **1.14 Contract Payment/Compliance Statement**

The contract shall be prepared under the direction of the Town and shall incorporate all applicable provisions. Payment for all services other than those described as "special projects" will be made based on an all-inclusive, not-to-exceed fee estimate, with progress payments as mutually determined to be appropriate. These payments shall be based upon completion of phases of the work. A sample contract should be submitted with the proposal.

## **1.15 Progress Reports**

The successful proposer shall submit progress reports to or hold periodic meetings with the Chief Financial Officer as agreed upon by the Town and the proposer. The information provided in these reports should be sufficiently detailed to provide assurance that the audit is on schedule. A sample progress report should be submitted with the proposal.

## **1.16 Publicity**

Any publicity, news releases, and/or advertising pertaining to this RFP and/or the awarding of any contract relating to the RFP may not be made without prior written approval of the Town.

## **2. Proposal Format**

### **2.1 Required Sections**

Proposals must be submitted containing the following sections in the order indicated:

- 2.1.1 Cover Letter
- 2.1.2 Executive Summary
- 2.1.3 Table of Contents
- 2.1.4 Firm Background, Principal Officers, and Prior Experience
- 2.1.5 Scope and Audit Approach
- 2.1.6 Detailed Review of Comprehensive Annual Financial Report for Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting
- 2.1.7 Proposed Schedule
- 2.1.8 Other References
- 2.1.9 Additional Data and Other Information
- 2.1.10 Concluding Remarks
- 2.1.11 Cost Proposal Form (submitted in separate envelope)

### **2.2 Cover Letter**

This section should contain the name of the proposing firm, the address of the proposing office, and contact persons authorized to answer technical, price, and/or contract questions together with their telephone number, email address, and mailing address. The cover letter must also be signed by a partner or officer authorized to bind the company.

### **2.3 Executive Summary**

Prefacing the proposal, an executive summary of five pages or less should be provided which gives in brief, concise terms a summation of your proposal. Identify the points that make your firm uniquely qualified for this engagement.

### **2.4 Table of Contents**

The Table of Contents shall include an index of the proposal contents and attachments.

## **2.5 Firm Background, Principal Officers, Prior Experience and Resumes**

### **Firm Qualifications and Experience.** This section should state:

- 2.5.1 The size of the firm.
- 2.5.2 The size of the firm's municipal government audit staff.
- 2.5.3 The location of the office from which the work on this engagement is to be performed.
- 2.5.4 The number and nature of the professional staff to be employed in this engagement on a full-time basis.
- 2.5.5 The number and nature of the staff to be employed on a part-time basis.
- 2.5.6 Resume of each staff member to be employed in this engagement.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified. In addition, joint ventures or consortiums must identify a firm to serve as the principal auditor, and the principal auditor must accept responsibility for resolving all operational and contractual issues with the Town.

The firm is also 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 also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years. 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 years with state regulatory bodies or professional organizations.

**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 will be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Texas. The firm should also provide information on the municipal government auditing experience of each person, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit.

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

Engagement partners, managers, other supervisory staff, and specialists assigned to the Town's account in a proposal may be removed from the Town's account if those persons leave the firm, are promoted, or are assigned to another office. These persons may also be changed for other reasons but only with the express prior written permission of the Town of Fairview. However, in either case, the Town retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer, provided that replacements have substantially the same or better qualifications or experience.

**Similar Engagements with Other Government Entities.** For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of relevance to the current proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

**Other.** Additional information should be included to describe the office's capabilities to audit computerized systems. This section should also include a discussion of your previous experience with the Certificate of Achievement Program of the Government Finance Officers Association (GFOA).

## **2.6 Scope and Audit Approach**

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in Sections 4.1 and 4.2 of this RFP. In developing the work plan, reference should be made to such sources of information as the Town of Fairview's budget and related materials, organizational charts, manuals, and programs, and financial and other management information systems.

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

- 2.6.1 Proposed segmentation of the engagement.
- 2.6.2 Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- 2.6.3 Sample sizes and the extent to which statistical sampling is to be used in the engagement.
- 2.6.4 Extent of use of EDP software in the engagement.
- 2.6.5 Type and extent of analytical procedures to be used in the engagement.
- 2.6.6 Approach to be taken to gain and document an understanding of the Town of Fairview's internal control structure.
- 2.6.7 Approach to be taken in determining laws and regulations that will be subject to audit test work.

2.6.8 Approach to be taken in drawing audit samples for purposes of tests of compliance.

The proposal should also identify in this section 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 Fairview.

The work plan submitted should include separate time estimates for the financial audit work.

A separate statement of the firm's approach to and understanding of the provision of technical assistance and advice concerning accounting and auditing issues that may arise during the course of the audit should be included. In addition, a discussion of the firm's approach to the level and amount of the accounting staff support necessary to complete the work as outlined in the proposal should be included.

## **2.7 Detailed Review of Comprehensive Annual Financial Report for Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting**

The Town of Fairview will send its Comprehensive Annual Financial Report (CAFR) to the GFOA of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting Program. The auditor will be required to provide assistance to the Town, in the form of a detailed review of its CAFR, to assure accuracy and adherence to the requirements of the program. The proposal should contain a detailed account of the steps the auditor will take to ensure the award of the Certificate.

## **2.8 Proposed Schedule**

Comment on the firm's ability to meet the timelines indicated in the RFP and present a schedule of when information to be provided by the Town should be available. The proposer should provide any recommended changes to the schedule that might be required to enhance the timelines and quality of the engagement.

## **2.9 Review of Official Statements**

Routinely, the Town prepares an official statement for a bond offering that includes information taken from the most current CAFR. As needed, a review of the official statement resulting in a "consent and citation of expertise" letter will be required.

## **2.10 Other References**

Describe recent local and regional office auditing experience similar to the type of audit requested in this RFP and give the name and telephone numbers of client officials responsible for three of the audits listed. These references would be in addition to those listed in Section 2.5 under paragraph titled - *Similar Engagements*.

## **2.11 Additional Data and Other Information**

Since data not specifically requested must not be included in the foregoing proposal sections, give any additional information considered essential to the proposal in this section. If there is no additional information to present, state in this section, "There is no additional information we wish to present."

## **2.12 Concluding Remarks**

This section shall contain any final remarks or elaboration which the proposer believes is important for a clear understanding of the proposed services and/or the proposer's capabilities.

## **2.13 Cost Proposal**

Payment for all services other than those described as "special projects" will be made based on an all-inclusive, not-to-exceed fee estimate, with progress payments as mutually determined to be appropriate. The contract will be a three-year contract with the option to renew for a fourth, and fifth year based on the Town's satisfaction with the firm.

The compensation proposal should be documented by completing, the *Cost Proposal Form*, included in this packet as Appendix B, and submitting it to the Town. As provided for by the State Board of Public Accountancy rules, the contract award will not necessarily be made to the firm that provides the lowest cost proposal but rather to the firm that submits the most responsive proposal meeting the Town's requirements.

On the *Cost Proposal Form* (Appendix B), the firm should include for each of the three years and the possible fourth, and fifth year the following information:

- 2.13.1 Total estimated hours and all-inclusive, not-to-exceed cost estimate for the financial audit; break down total estimated hours by staff level (e.g. partner, manager, senior, etc.) and show billing rates for each level;
- 2.13.2 In addition, the firm should include proposed billing rates by staff level for any special projects that the proposer may be requested to perform during the initial year of the contract. The Town has never been subject to the single audit requirements; therefore, if the Town becomes subject to the single audit requirements in the future, the firm should include the proposed billing rate for these additional services to the Town. The special project billing rates may be adjusted annually for inflation using the Consumer Price Index for the Dallas Metroplex dated March of the current fiscal year.

### **3. Description of the Entity**

#### **3.1 General**

The Town of Fairview, Texas is located in Collin County, approximately 32 miles northeast of downtown Dallas. The Town's corporate boundary comprises approximately 8.8 square miles. Fairview's estimated population at January 2014 was 8,330. The Town of Fairview Home Rule Charter was adopted in 2006, by vote of the citizens. The Town operates under a council-manager form of government, with the Town Council comprised of seven members including the mayor. The Town Council is responsible for adopting ordinances and regulations governing the Town, adopting the budget, determining policies, and appointing the Town manager, as well as members of various boards and commissions. As chief administrative officer, the Town Manager is responsible to the Council for appointing and supervising employees of the Town and for preparing and administering the annual budget and capital improvement program.

The reporting entity for the Town of Fairview, as defined by Governmental Accounting Standards Board (GASB) Statement 14, includes all governmental funds, proprietary funds, and other funds, and component units reported in the Comprehensive Annual Financial Report (CAFR). The Town is not included in any other governmental "reporting entity", as defined by GASB Statement 14.

The Town provides the full range of municipal services contemplated by statute or charter. This includes public safety (police and fire), municipal court, sanitation, parks, public works, and general administrative services; along with the Town's component unit entities – Fairview Economic Development Corporation and Fairview Community Development Corporation.

Copies of the Town's 2013 CAFR have been included in Appendix A of this RFP. These pages should give the reader additional information on the Town's reporting entity, fund structure, accounting and budgeting policies.

#### **3.2 Organization of the Town's Finance Department**

The Chief Financial Officer who reports directly to the Town Manager, is responsible for all financial accounting and reporting activities of the Town. The Chief Financial Officer has overall responsibility for the following functions: General Fund Accounting, Utility Billing & Accounting, Payroll, Accounts Payable, Accounts Receivable, Fixed Assets, CIP Accounting, and Municipal Court.

#### **3.3 Organization of the Accounting Function**

The accounting records of the Town of Fairview are maintained by the Finance Department, with offices located at 372 Town Place, Fairview, Texas. Although maintenance of the accounting records is centralized within accounting, the Town's accounting function is partially decentralized. Each Town department has the authority to initiate and submit all input documents (e.g. reports of cash receipts, authorization and requests for cash

disbursements) for processing by Accounting. In addition, departments perform some of their data input for purchasing and payment transactions.

### **3.4 Audit Assistance**

The accounting staff will prepare all work papers necessary to prepare the financial statements for the individual funds. These work papers will include trial balances, journal entries with back-up documentation, fixed assets and depreciation schedules, etc. Personnel will be available to the auditors for the purpose of pulling invoices, directing auditors to the proper files, or for explaining procedures. Prepared by Clients (PBC's) can be provided; however, these should be coordinated with the Chief Financial Officer. The Auditor should provide the Chief Financial Officer an advance listing of the required forms. Sample PBC's typically used should be submitted with the proposal.

## **4. Nature of Services Required**

### **4.1 General**

The Town of Fairview is requesting proposals from qualified public accounting firms to audit its financial statements for the fiscal years ending September 30, 2014, 2015, and 2016 with the option to audit the Town's financial statements for each of the two subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

### **4.2 Scope of Work to Be Performed**

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

The auditor is required to audit the financial statements, consisting of government-wide and fund financials. However, the auditor is to provide an "in-relation-to" statement on the combining and individual fund financial statements and supplementary schedules based on the auditing procedures applied during the audit of the general purpose financial statements. The auditor is not required to audit the statistical section of the report; this section will remain unaudited but should be reviewed.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

If applicable, the auditor is required to audit the information contained in the schedule of federal financial assistance. This information should be subjected to the auditing procedures applied in the audit of the general purpose financial statements and in accordance to Governmental Auditing Standards, the Single Audit Act as amended in 1996, and (OMB) Circular A-133. The auditor is to provide an opinion of the fair presentation of this schedule in relation to the general purpose financial statements taken as a whole.

The scope of the Town's annual audit, or of any other work for which the proposer is engaged, can only be broadened with the express written consent of the Town. The Town will have the right to negotiate fees for work related to broadening the scope of any work for which the proposer is engaged.

### **4.3 Auditing Standards to Be Followed**

To meet the requirements of this RFP, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and the Governmental Accounting Standards Board, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act of 1996, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Government, and any other applicable requirements from regulatory agencies.

#### **4.4 Reports to Be Issued**

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue all reports currently required by State and Federal grantors and by such as the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board, the Government Finance Officers Association of the United States and Canada, and any other regulatory agencies. The auditor shall likewise issue any other reports subsequently required by these or similar entities following completion of the financial or single audit.

The schedule of federal financial assistance and related auditor's reports, as well as the reports on the internal control structure and compliance are not to be included in the CAFR, but are to be issued separately.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit to the Chief Financial Officer. 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. Reportable conditions that are also material weaknesses shall be identified as such in the report.

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 internal controls. The report on compliance shall include all instances of noncompliance.

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of which they become aware to the Town Manager and/or Chief Financial Officer.

Auditors shall assure themselves that the Town of Fairview's Mayor and Council is informed of each of the following and any other item as required by the regulatory agencies as noted above:

- 4.4.1 Difficulties encountered in performing the audit.
- 4.4.2 Disagreements with management.
- 4.4.3 Major issues discussed with management prior to retention.
- 4.4.4 Management consultation with other accountants.
- 4.4.5 Management judgment and accounting estimates.
- 4.4.6 Other information in documents containing audited financial statements.
- 4.4.7 Significant accounting policies.

4.4.8 Significant audit adjustments.

4.4.9 The auditor's responsibility under generally accepted auditing standards and government auditing standards.

#### **4.5 Preparation of CAFR**

The accounting staff prepares all information included in the Comprehensive Annual Financial Report (CAFR). The auditor reviews this information and approves it prior to printing. Because the CAFR must be released within six months after the fiscal year end (March 31) to be eligible for the GFOA Certificate of Achievement, coordination of schedules will be required between the auditor and the Chief Financial Officer. A listing of critical dates and the year end close schedule has been provided in section 7.0.

#### **4.6 Special Considerations**

4.6.1 The Town of Fairview will send its CAFR to the GFOA of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Report Program. The auditor will be required to provide assistance to the Town to meet the requirements of this program.

4.6.2 The Town will require the auditor's assistance to comply with reporting requirements resulting from new GASB pronouncements. The specific level of training and assistance the auditor will provide should be detailed in the proposal.

#### **4.7 Review of Official Statements**

The Town currently anticipates it will prepare one or more official statements in connection with issuance of debt that will contain the general-purpose financial statements and the auditor's report thereon. The Auditor shall be required, if requested by the Town, the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" and any necessary "comfort letter."

#### **4.8 Special Project**

Proposers may be requested to provide other types of services, collectively referred to as "special projects." Examples of such services include additional audits or reviews, cost studies, and consulting services.

#### **4.9 Regulation Updates and CPE Provisions**

The Auditor shall provide Town Finance Department staff with information relating to regulation changes that would affect the Town and its operation. Examples would be timely notification of changes proposed or initiated by GASB, Financial Accounting Standards Board (FASB), or General Accounting Office (GAO). Some of the updates should provide the client with continuing professional education (CPE) credit opportunities. This training can be in either the current issues or simply general training. It should provide the client

with opportunities to remain current or increase knowledge in governmental auditing/accounting or related areas.

## **5. Other Information and Requirements**

### **5.1 Auditor Rotation**

In accordance with Town policy on external auditor independence, that is both in fact and appearance, the Town requires that proposals meet the following rotation guidelines while providing services under this and future contracts:

- 5.1.1 Lead engagement partner, engagement partner and concurring partner will be rotated off the Town audit after seven consecutive years and not reassigned for at least two years,
- 5.1.2 Audit managers and supervisors will be rotated off the Town audit after five consecutive years and not reassigned for at least two years, and
- 5.1.3 Senior auditors, lead auditors and staff auditors will be rotated off the Town audit after three consecutive years and not reassigned for at least one year.

The purpose of this policy is not to mandate a regular rotation of audit firms, but to ensure that auditor objectivity is not compromised through familiarity and to maintain audit continuity. Proposals may suggest or require a more aggressive auditor rotation.

### **5.2 Prior Audit**

Subsequent to the contract award, arrangements shall be made, if possible, for a review of prior year work papers by the firm awarded the contract. Proposers may have access to prior years' audit reports if they wish, by contacting Jason B. Weeks, Chief Financial Officer at 972-562-0522.

### **5.3 Work Area**

A separate workspace in close proximity to the accounting records will be provided, as well as copy machines, phone, Wi-Fi-internet access, and a fax machine.

### **5.4 Audit Work Timing**

Preliminary work prior to closing accounts must occur and be concluded prior to September 30th of each year. Post-closing work may commence on or about November 30th. Completion of fieldwork should be accomplished no later than January 15th. Fieldwork will be considered complete when all adjustments have been made by the auditor and trial balances are returned to the Chief Financial Officer for CAFR preparation.

The date for release of the report for printing shall be no later than February 23rd of the respective year after the end of fieldwork. At that same time a draft management letter should be delivered.

## **5.5 Contractual Agreements**

The contract to be awarded shall be for the provision of services as requested herein at the estimated fees submitted in the proposal for the first three and, if extended, the fourth, and fifth years of the contract. This is considered an all-inclusive, not-to-exceed fee estimate. The Town shall agree to make interim payments of the annual fee based on percentage of work performed.

## **5.6 Work Papers**

The firm selected shall maintain all work papers for a period of at least five years after the fiscal year end. The auditor shall make available all original work papers for examination by authorized representatives of Federal and State agencies, the Town's Chief Financial Officer, and any other entity to which access has been granted in writing by the Town's Chief Financial Officer. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers relating to matters of continuing financial significance.

## **5.7 Non-appropriation/Cancellation Provision**

Notwithstanding any provision of the contract, the Town may cancel the contract should the present or any future Town Council not appropriate funds in any fiscal year for the payment of the contract or if the Town provides advanced written notice that the contract will be cancelled. No penalty shall attach in the event of any such non-appropriation or cancellation. In the event of non-appropriation or cancellation, the Town shall give the successful proposer 30 days' advance written notice before cancellation of the contract. In the event of cancellation, the successful proposer shall be entitled to payment for services performed up until the date of cancellation; provided, however, that the successful proposer shall not perform any services under the contract after receipt of the notice of cancellation unless and only to the extent the Town's Chief Financial Officer requests such services in writing.

## **5.8 Equal Employment Opportunity**

The Proposer agrees that during the performance of its contract it will:

- 5.8.1 Treat all applicants and employees without discrimination as to race, color, religion, sex, national origin, marital status, age, or handicap.
- 5.8.2 Identify itself as an "Equal Opportunity Employer" in all help wanted advertising or requests.
- 5.8.3 The proposer shall be advised of any complaints filed with the Town alleging that the proposer is not an Equal Opportunity Employer.

In determining whether to terminate any portion of this contract, the Town reserves the right to consider reports from its Human Resource Director in response to discrimination

complaints. However, the Proposer is specifically advised that no Equal Opportunity Employment complaint will be the basis for cancellation of this contract.

## **5.9 Conflict of Interest**

The Proposer agrees to comply with the conflict of interest provisions of the Town Charter and Code of Ordinances. The Proposer agrees to maintain current, updated disclosure of information on file with the Town's Finance Department throughout the term of his contract.

## 6. Insurance Requirements

### 6.1 Insurance Certificates

Before commencing work, the audit firm shall, at its own expense, procure, pay for and maintain the following insurance written by companies approved by the state of Texas and acceptable to the Town of Fairview. The audit firm shall furnish to the Town of Fairview Chief Financial Officer certificates of insurance executed by the insurer or its authorized agent stating coverages, limits, expiration dates and compliance with all applicable required provisions. Certificates shall reference the project/contract number and be addressed as follows:

14-001RFP Professional Auditing Services  
Chief Financial Officer  
Town of Fairview  
372 Town Place  
Fairview, Texas 75069

### 6.2 Insurance Policies

- 6.2.1 Commercial General Liability insurance, including, but not limited to Premises/Operations, Personal & Advertising Injury, Products/Completed Operations, Independent Contractors and Contractual Liability, with minimum combined single limits of \$500,000 per-occurrence, \$1,000,000 Products/Completed Operations Aggregate and \$1,000,000 general aggregate. Coverage must be written on an occurrence form.
- 6.2.2 *If Proposer's employees will be performing services under the contract on Town of Fairview premises, then* Workers' Compensation insurance with statutory limits; and Employers' Liability coverage with minimum limits for bodily injury: a) by accident, \$100,000 each accident, b) by disease, \$100,000 per employee with a per policy aggregate of \$500,000.
- 6.2.3 *If vehicles will be used in the performance of services under the contract, then* Business Automobile Liability insurance covering owned, hired and non-owned vehicles, with a minimum combined bodily injury and property damage limit of \$500,000 per occurrence.
- 6.2.4 Professional Liability Insurance to provide coverage against any claim which the audit firm becomes legally obligated to pay as damages arising out of the performance of professional services caused by error, omission or negligent act with minimum limits of \$2,000,000 per claim, \$2,000,000 annual aggregate.

**NOTE:** If the insurance described in #1 or #4 above is written on a claims-made form, coverage shall be continuous (by renewal or extended reporting period) for not less than *thirty-six (36) months* following completion of the contract and acceptance by the Town of Fairview.

The required limits may be satisfied by any combination of primary, excess or umbrella liability insurance, provided all policies comply with all requirements. The audit firm may maintain reasonable deductibles, subject to approval by the Town of Fairview.

### **6.3 Required Endorsements**

With reference to the foregoing required insurance, the audit firm shall endorse applicable insurance policies as follows:

- 6.3.1 A waiver of subrogation in favor of Town of Fairview, its officials, employees, and officers shall be contained in the Workers' Compensation insurance policy.
- 6.3.2 The Town of Fairview, its officials, employees and officers shall be named as additional insureds on the Commercial General Liability policy, by use of an endorsement that includes the completed operations hazard.
- 6.3.3 All insurance policies shall be endorsed to the effect that Town of Fairview will receive at least thirty (30) days notice prior to cancellation, non-renewal, termination, or material change of the policies.

**7. Listing of Timelines and Critical Dates  
(Based on 2014 Year-End)**

<b><u>Date or Timeframe</u></b>	<b><u>Activity or Deadline</u></b>
June 24	RFP mailed out.
July 15	Pre-Proposal conference held.
July 31	Deadline for submission of proposals.
July 31 – August 29	Evaluation of proposals. Interviews with auditing firms if necessary.
September 2	Selection of firm and contract award.
Early September	Preliminary planning meetings and audit plan development.
September	Preparation for year-end close.
September 30	Fiscal year end. All preliminary audit work should be completed and auditors should withdraw from the field.
November 21	Year-end system-generated reports available. Staff prepares trial balances and schedules.
December 1 - 31	Auditors begin year-end work.
Mid-January	All fieldwork should be virtually complete. Finance Department is cleared to begin preparation of the CAFR.
Mid-January	CAFR preparation.
Late January	CAFR draft delivered to auditors for review prior to printing.
Early February	CAFR returned to the Chief Financial Officer with any corrections noted. Draft management letter and single audit reports (if applicable) due.
Early to Mid-February	Review CAFR, Single Audit and Management Letter with Audit Committee
February 23	CAFR taken to printer.
February 25	CAFR completed.
March 3	Audit reports presented to Council