

INTRODUCTION

The Hope Valley/Wyoming Fire District is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending 6/30/2018, with the option of auditing its financial statements for each of the 2 subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, established by the American Institute of Certified Public Accountants, and the standards set forth for financial audits in the *Government Auditing Standards* issued by the Comptroller General of the United States.

Each year a determination shall be made whether the Fire District has expended federal awards and the applicability of the provisions of the U.S. Office of Management and Budget (OMB) Guidance 2 CFR part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements of For Federal Awards – Subpart F – Audit Requirements – “Uniform Guidance.” When applicable the audit of the financial statements will be completed in accordance with the Uniform Guidance.

To be considered, Six (6) copies of a proposal must be received by Justin W Lee, Chief, 996 Main Street, P.O. Box 25, Hope Valley, RI 02832 by: 3:00 PM on 4/12/2018, they will be reviewed at 7:00 PM at the District Board of Directors meeting. The Fire District reserves the right to reject any or all proposals submitted.

BACKGROUND INFORMATION

Pertinent information:

The Hope Valley/Wyoming Fire District was created by Act of the General Assembly in May 1982 covering areas in Hopkinton and Richmond. The purpose of the District is the prevention and extinguishment of fires, the protection and preservation of life and property endangered by fire or any related emergencies that may occur with the boundaries of the District.

Contact information for the Fire District can be addressed to:

Justin W. Lee, District Fire Chief
99 Main Street
P.O. Box 25
Hope Valley, RI 02832
401-539-2229

Computers consist of Dell desktops operating Windows 10 and using QuickBooks for software.

The Fire District uses the modified accrual method of accounting and has had an audit completed in each of the last three fiscal years. A copy of the most recent audited financial statements is available upon request.

PROPOSAL CALENDAR

Request for proposals issued	March 19, 2018
Pre-proposal Questions	April 2, 2018
Due date for proposals	April 12, 2018

EVALUATION OF PROPOSALS

An evaluation committee will evaluate the proposals using the following scoring weights resulting in a maximum score of 100 points:

	Maximum points
Overall qualifications and experience of the firm and the specific engagement personnel to be assigned focusing on experiences with governmental entities and the specific line of business or services provided by the entity to be audited.	40
Overall audit approach and audit strategy described/outlined in the proposal and firm capacity to perform the engagement within the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)	30
Audit fees - See formula for points awarded for audit fees (*) 30	30
Maximum evaluation points 100	100

* Evaluation technique – audit fees

Audit fee score = (lowest bid/bid for firm being evaluated) X 30 points

Example: Assuming 3 bids received were: (firm A) - \$40,000, (firm B) - \$46,000, (firm C) - \$50,000

Firm A (the lowest bidder)	awarded 30 points	$\$40,000/\$40,000 \times 30 \text{ points} = 30$
Firm B	awarded 26 points	$\$40,000/\$46,000 \times 30 \text{ points} = 26$
Firm C	awarded 24 points	$\$40,000/\$50,000 \times 30 \text{ points} = 24$

NOTIFICATION AND CONTRACT DATES

Notification of Award	6/14/2018
Contract date	7/1/2018

DATE AUDIT MAY COMMENCE

The Fire District will have records, including trial balances and general ledgers for all funds, ready for audit and available by September 1, 2018.

DUE DATES FOR COMPLETION OF AUDIT AND DELIVERY OF REPORTS

The annual audit shall be completed and final audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to the Board of Directors of the Hope Valley/Wyoming Fire District for approval. The Board of Directors will provide copies to the State Auditor General, and the State Division of Municipal Finance within six months after the close of the fiscal year for each year (as required by Section 45-10-4 and 44-5-69 of the General Laws). The Hope Valley/Wyoming Fire District has a fiscal year ending June 30, the reports must be filed by December 31 of each year.

Additional audit reports relating to federal awards (if applicable) and required by the Uniform Guidance shall be completed and submitted along with the annual audit of the financial statements. The audit firm will also complete the applicable filing required by the Federal Audit Clearinghouse (Data Collection Form).

QUALIFICATIONS OF AUDITOR

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid license in the State of Rhode Island or from another state having equal professional standards.

2. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits shall meet the continuing educational requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.
3. The audit organization shall have an appropriate internal quality control system in place and participate in an external quality control review program as required by *Government Auditing Standards*.
4. The audit organization shall provide a copy of their most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract to the Fire District and the Auditor General.

AUDIT CONTRACT

1. The audit contract may cover one, two or three fiscal years. Each year must be treated as a separate audit. The contract period shall not exceed three years.
2. Audit contracts covering more than one year shall specify an audit fee for each year. The audit fee shall be inclusive of all expenses.
3. Continuation beyond the initial fiscal year of the three-year contract will be at the discretion of the Fire District.
4. In years that the Fire District receives more than \$750,000 or more a year in Federal financial assistance an audit must be completed in accordance with the Uniform Guidance issued by the Office of Management and Budget (OMB). The audit bid package shall show the additional yearly cost to complete an audit complying with Uniform Guidance when required.
5. Any representations made with the submission will be relied upon and if proven to be false will be grounds for termination of the contract, if awarded. False representations will also be grounds for forfeiture of all payments under the contract. This will not limit the Fire District from seeking any other legal or equitable remedies.

ADDITIONAL WORK

1. Any amendments to the contract for additional work will be negotiated in good faith.
2. In accordance with *Government Auditing Standards*, if the firm provides non-audit services, it must evaluate whether providing the services creates independence impairment with respect to the audit of the Fire District.

AUDIT STANDARDS

1. The audit shall be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
2. If the District expends more than \$750,000 in federal awards during the fiscal year then the audit will be completed in accordance with the audit requirements specified in the OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements, the Uniform Guidance.

AUDIT SCOPE

The financial statements to be presented and reported upon by the independent audit firm shall include:

- Basic financial statements as required by the *Governmental Accounting Standards Board*; The basic financial statements includes the General Fund, HazMat Grant Fund, Special Fund, Scholarship Fund, and Capital Projects Fund (if applicable).
- Required Supplementary Information:
 - Management's Discussion and Analysis, when provided by management
 - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 - Applicable schedules related to pension plans in accordance with GASB 67 and 68
- Supplementary financial statements, schedules and information (with auditor's opinion reference that they are fairly stated in all material respects in relation to the basic financial statements as a whole):
 - Tax Collector's Annual Report - a statement as to uncollected taxes outstanding at the close of the last fiscal year according to the years for which the taxes were assessed;

As applicable:

- Combining Fund-level Statements (*at the option of the Fire District*)
- Supplementary Schedule of Expenditures of Federal Awards, if applicable;
- Major Federal Programs: If applicable, an audit of major programs in accordance with criteria outlined in OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements shall be performed and the auditors shall express an opinion on compliance for each major program.
- Other schedules as may be required by the Fire District.

AUDIT REPORTS

Draft copies of all audit report(s) and the management letter shall be submitted to the Treasurer, Fire Chief, and Board of Directors of the Hope Valley/Wyoming Fire District prior to the exit conference, so that there will be adequate time for review. The draft statements shall be submitted no later than November 15th annually..

Reports to be submitted, depending on the scope of the engagement, may include:

- a. Reports on:
 1. The fair presentation of the basic financial statements in accordance with generally accepted accounting principles based upon an audit performed in accordance with generally accepted auditing standards *and Government Auditing Standards*. The auditor shall also make reference to, but not opine on, required supplementary information consistent with reporting guidance in the applicable AICPA Audit Guide.

2. Supplementary financial statements, schedules and information, are fairly stated in all material respects in relation to the basic financial statements as a whole.
 3. Compliance on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- b. Reports required under trust agreements, loan agreements.
 - c. Reports and summaries related to major federal financial assistance programs as required by OMB Guidance (the auditor should refer to applicable OMB guidance in effect and the applicable AICPA Audit Guide for reporting guidance).
 - d. Other reports requested by the Fire District.

MANAGEMENT LETTER

A management letter shall be provided upon completion of the audit to those charged with governance the Board of Directors of the Fire District, with copies for submission to the Division of Municipal Finance and the Auditor General.

The management letter should include comments, and/or recommendations beyond those included in the reports described above, on such matters as:

- Policies, procedures and practices employed by the Fire District.
- Control deficiencies that are not significant deficiencies or material weaknesses.
- Use of resources to provide a governmental service in a reasonable, judicious, economical, and efficient manner.
- Compliance with state laws pertaining to the Fire District and with rules and regulations established by the Fire District.
- A statement as to qualified or unqualified audit.

ADDITIONAL INFORMATION TO BE PROVIDED TO THE FIRE DISTRICT

Proposer technical qualifications - the proposer shall, at a minimum, describe the following in the proposal:

- The current status of the professional license of the firm, partner-in-charge, and senior accountant in charge of the fieldwork;
- Staffing information including: firm size, number of staff allocated to the audit job, relevant qualifications and experience of each person assigned to the audit job;
- The amount and type of professional liability coverage;
- List of any professional complaints pending or resolved against the firm or any of its partners with the state boards of accountancy, or any self-regulatory, professional or government authority including but not limited to the AICPA, or Rhode Island Board of Accountancy;
- Information regarding any lawsuits or claims against the firm, pending or resolved;

- A statement of relevant experience including a list of governmental audits performed in the last five years;
- Expected time budget and completion date for the audit;

Representations - the following representations shall be provided as part of the proposal:

- A written representation that there exist no client conflicts which would inhibit the ability to perform the audit in accordance with professional standards;
- A written representation that the auditor is independent under the requirements of the American Institute of Certified Public Accountants including those in Interpretation 10 of Rule 101 of the AICPA Code of Professional Ethics and *Government Auditing Standards*;
- A written representation that the private auditor meets the continuing educational requirements of *Government Auditing Standards*;
- A written representation that the auditor has an appropriate internal quality control system in place and has participated in an external quality control review program as required by *Government Auditing Standards*. The firm will provide the Fire District and Auditor General with a copy of its most recent external quality control review report; and
- A written representation that the private auditor is familiar with generally accepted accounting principles for state and local government units and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements. The auditor will conduct the audit and report in accordance with those standards.