

TOWN OF WEST SENECA, NEW YORK

Request for Proposals For Professional Auditing Services



1250 Union Road
West Seneca, New York 14224

December 4, 2018

TOWN OF WEST SENECA, NEW YORK
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I. INTRODUCTION

General Information

The Town of West Seneca, New York (the “Town”) is requesting proposals from qualified certified public accounting firms to perform audit services for the fiscal years ending December 31, 2018, 2019 and 2020, as well as two option years. The audit is to be performed in accordance with generally accepted auditing standards as set forth for financial audits in the General Accounting Office’s (GAO) *Government Auditing Standards*.

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

Sealed responses to this invitation shall be mailed or delivered to the Town of West Seneca Town Clerk on or before December 18, 2018. To be considered, three (3) copies of the proposal shall be submitted in a sealed envelope.

During the evaluation process, the Town reserves the right, where it may serve the Town’s best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. The Town may also request an oral presentation.

It is anticipated that the selection of a firm will be completed by January 5, 2019.

Name of Contact Person

Megan K. Wnek, CPA
Director of Finance
1250 Union Road
West Seneca, New York 14224

All correspondence and questions during the response period shall be electronically submitted solely to Megan K. Wnek, CPA.

Background Information

The Town’s 2018 annual budget exceeds \$50,000,000 as reported in the eight (8) individual governmental operating funds. The four (4) major individual funds of the Town, as reported in the Town’s financial statements are the general fund, the highway fund, the sewer fund and the capital projects fund. The remaining four (4) funds are the Town’s water fund, stormwater drainage fund, electric lighting – gas conversion fund and electric lighting fund.

The selected vendor may be required to attend meetings for the Town Board and may be used to brief the Board and other Town officials on the progress of the audit and to discuss any concerns that have arisen during the course of the audit.

II. NATURE OF SERVICES REQUIRED

Scope of Work to be Performed

The Town is requesting proposals from qualified certified public accounting firms to:

- Perform an audit of and render an opinion on the Town's basic financial statements in accordance with the provisions referred to in Section I of this RFP.
- The Town will compile the financial statements. The auditor will:
 - Review and provide editorial comments on the Town's basic financial statements.
 - Review and provide editorial comments to the Town's Management Discussion and Analysis.
 - Review and provide editorial comments to certain charts and tables within the Town's Management Discussion and Analysis.
 - Reconcile the information within the Town's Management Discussion and Analysis to the Town's basic financial statements.
 - Reconcile the information within the Town's Required Supplementary Information to the Town's basic financial statements.
 - Reconcile the information within the Town's Supplementary Information to the Town's basic financial statements.
 - Prepare a written report to the Town Board on audit matters to be communicated.
- Assist in the preparation of the Town's annual update document.
- Perform an annual audit of the Town Justice Court in accordance with the procedures defined by the New York State Office of the Court Administration Justice Court Handbook.
- Perform an annual audit of the Town Clerk/Receiver of Taxes in accordance with the procedures defined by New York State Town Law.

Working Paper Retention and Access to Working Papers

All working papers in reports must be retained, at the auditor's expense for a minimum of six (6) years unless the firm is notified in writing by the Town of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- Town;
- U.S. General Accounting Office (GAO);
- Parties designated by the federal or state governments or by the Town as part of an audit quality review process;
- Other parties as deemed appropriate or necessary by the Town.

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

Assistance to be Provided to the Auditor

The staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations.

The Town will provide the auditors with reasonable workspace, desks and chairs. The auditor will also be provided with access to photocopying/scanning facilities.

Report Assembly

Report compilation, assembly, editing and printing shall be the responsibility of the auditor. The Town may require twenty-five (25) copies as well as a PDF of each written communication, including reports and letters, discussed in this section.

III. DESCRIPTION OF THE GOVERNMENT

The Town is a unit of local government created by the State of New York. The Town operates under provisions of New York State law and various local laws. The five-member Town Board is the legislative body responsible for overall operations¹. The Supervisor serves as the Chief Executive Officer.

Independently elected officials of the Town consist of the following:

Supervisor	Town Clerk/Receiver of Taxes
Council Members (4)	Superintendent of Highways
Town Justices (2)	

Units of local government which operate within the boundaries of the Town are the County of Erie. Public education is provided by three independent school districts within the Town.

All governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The fund financial statements provide information about the Town's funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The Town reports the following governmental funds:

- *General Fund*—this is the principal operating fund of the Town and accounts for all financial resources of the general government, except those accounted for in another fund.
- *Highway Fund*—this fund is used to record all revenues and expenditures related to road maintenance and construction throughout the Town.
- *Sewer Fund*—this fund is used to account for the revenues and expenditures related to the operation and maintenance of its twenty sewer districts.
- *Capital Projects Fund*—this fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- *Water Fund*—this fund is used to account for the revenues and expenditures related to the operation and maintenance of its nine water districts.
- *Stormwater Drainage Fund*—this fund is used to account for the revenues and expenditures related to the operation and maintenance of its stormwater drainage district.
- *Electric Lighting – Gas Conversion Fund*—this fund is used to account for the revenues and expenditures related to the operation and maintenance of its twelve electric lighting – gas conversion districts

¹ The Town of West Seneca Town Board for the budget years 2018 and 2019 will remain a three (3) member Board comprised of one (1) Supervisor and two (2) councilpersons.

- *Electric Lighting Fund*—this fund is used to account for the revenues and expenditures related to the operation and maintenance of its sixty-three electric lighting districts.

Additionally, the Town reports the following fund type:

The Agency Fund – used to account for employee payroll tax withholdings and for other money (and/or property) received and held in the capacity of trustee, custodian or agent.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to, and including, the date proposals are due to be submitted:

Request for proposals issued	December 4, 2018
Due date for inquiries	December 14, 2018
Due date for proposals	December 18, 4:00 pm

B. Notification and Contract Dates

Selected firm notified	January 5, 2019
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C. Date Audit May Commence

Following the notification of award, the Town's designated management personnel will be available to meet with the firm's personnel to discuss specific scheduling of the December 31, 2018 audit.

D. Schedule for the December 31, 2018 Fiscal Year Audit

The auditor should complete each of the following no later than the dates indicated:

1. **Detailed Audit Plan** – The auditor shall provide the Town by February 5, 2019 both a detailed audit plan and a list of all schedules to be prepared by the Town.
2. **Fieldwork** – Planning and fieldwork should commence in April 2019 and should include tests of existing internal control procedures. The auditor shall complete fieldwork for year-end on or before, but no later than May 20, 2019.
3. **Draft Reports** – The auditor shall have drafts of the audit report(s) and recommendations to management available for review by the Director of Finance on or before, but no later than May 20, 2019.

E. Date Final Report is Due

The final report is due on or before, but no later than June 10, 2019.

V. PROPOSAL REQUIREMENTS

A. General Requirements

1. **Inquiries** – Inquiries concerning the request for proposals and the subject of the request for proposals must be made by December 14, 2018 to:

mwnek@twyny.org

Megan K. Wnek, CPA
1250 Union Road
West Seneca, New York 14224

2. **Submission of Proposals** - The following material is required to be received by 4:00 pm December 18, 2018 for a proposing firm to be considered:

- a. Three (3) copies **and** a PDF version of the proposal to include the following:

- (i) *Title Page* – Title page showing the request for proposals subject; the firm’s name; the name, address, and telephone number of the contract person; and the date of the proposal.
- (ii) *Table of Contents*
- (iii) *Transmittal Letter* – A signed letter of transmittal briefly stating the proposer’s understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer.
- (iv) *Detailed Proposal* – The detailed proposal should follow the order set forth in Section V-B of this request for proposals but should not exceed ten (10) pages excluding Appendices.
- (v) *Cost Proposal* – The cost proposal should contain the estimated “all-inclusive not to exceed” dollar cost for professional fees and out-of-pocket expenses for the fiscal years ending December 31, 2018, 2019 and 2020, as well as the two option years. In addition, the proposal should contain the estimated professional hours to complete each segment of the audit, detailed by partner, supervisory staff, and staff.

- b. Proposers should send the completed proposals to the following address:

**Town of West Seneca
Town Clerk
1250 Union Road
West Seneca, New York 14224
mwnek@twyny.org**

- B. Proposal—General Requirements** – The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Town in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The proposal should address all the points outlined in our request for proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, item Nos. 1 through 9 must be included. They represent the criteria against which the proposal will be evaluated.

1. **Firm Qualifications and Experience** – The proposer should state 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.

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 (3) 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 (3) years with state regulatory bodies or professional organizations.

2. **Partner, Manager and Supervisory Staff Qualifications and Experience** – Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in New York State.

Indicate how the quality of staff over the term of the agreement will be assured. Engagement partners, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the Town. However, in either case, the Town retains the right to approve or reject replacements.

Staff mentioned in response to this request for proposal can only be changed with the express prior written permission of the Town, which retains the right to approve or reject replacements.

3. **Specific 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 Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as the Town'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:

- a. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- b. Sample size and the extent to which statistical sampling is to be used in the engagement.
- c. Type and extent of analytical procedures to be used in the engagement.
- d. Approach to be taken to gain and document an understanding of the Town's internal control structure.

- e. Approach to be taken in determining laws and regulations that will be subject to audit test work.
 - f. Approach to be taken in drawing audit samples for purposes of tests of compliance.
4. **Similar Engagements With Other Municipalities** – For the engagement team that will be assigned responsibility for the audit, list five other municipalities your firm provided audit services to within the last two (2) years that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, engagement partner, total hours, and the name and telephone number of the principal client contact.
 5. **Independence** – The firm should provide an affirmative statement that it is independent of the Town as defined by generally accepted auditing standards, U.S. General Accounting Office's Government Auditing Standards.
 6. **License to Practice in New York State** – An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in New York State
 7. **Identification of Anticipated Potential Audit Problems** – The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Town.
 8. **Peer Review** – Attach a copy of your firm's latest peer review.
 9. **Dollar Cost Bid**
 - A. **Total All-Inclusive Maximum Price** – The dollar cost bid should be an all inclusive not to exceed fee to performing the services required as described in Section II. The total all-inclusive maximum price to be bid for the engagement is to contain all direct and indirect costs, including all out-of-pocket expenses².

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

The first page of the dollar cost bid should include the following information:

 - a. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the Town.
 - B. **Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates** – Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the Town for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.
 - C. **Rates for Additional Professional Services** – If it should become necessary for Town to request the auditor to render any additional services to either supplement the services requested

² The successful proposer shall also furnish to the Town of West Seneca proof of proper insurance naming the Town of West Seneca as a named insured covering: professional liability in the amount of \$5,000,000; public injury liability, property damage liability in the amount of \$1,000,000 in each occurrence or each person and \$2,000,000 in the aggregate for each insured liability. The proposer shall also maintain all other insurances as required in accordance with the laws of the State of New York. The insurance shall be maintained throughout the term of the agreement(s) and certificates acceptable to the Town of West Seneca must be submitted thereto prior to commencement of any activities under the subsequent agreement.

in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Town and the firm.

- D. Manner 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 dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

VI. EVALUATION PROCEDURES

A. Review of Proposals

The Town will review qualifications of the proposals. Firms with unacceptably low technical qualifications will be eliminated from further consideration.

After the qualifications for each firm has been established, the dollar cost bid will be examined.

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

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in New York State.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the Town.
- c. The firm must provide a copy of its most recent peer review report, including comments.
- d. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- e. The audit firm's supervisory professional personnel are certified public accountants.

2. Technical Quality (Maximum Points – 80)

- a. Expertise and Experience (maximum points – 60)
 - (i) The engagement team's past experience and performance on comparable municipal engagements.
 - (ii) The engagement team's commitment to the government sector including professional memberships, and commitment to staff development in governmental accounting and auditing.
 - (iii) Other specific experience and projects completed by the local firm to assist comparable municipalities to enhance operations and internal controls, and address current issues facing government including relevant experience related to assessing and implementing GASB.

b. Audit Approach (maximum points – 20)

- (i) Adequacy of proposed staffing plan for various segments of the engagement.
- (ii) Adequacy of sampling techniques and analytical procedures.
- (iii) Commitment to communicate frankly with the Town's Board and management.

3. Price (Maximum Points – 20)

Cost will not be the primary factor in the selection of an audit firm.

C. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town and the firm selected.

The Town reserves the right without prejudice to reject any or all proposals.