

REQUEST FOR PROPOSAL
TO PROVIDE AUDIT SERVICES FOR
CARROLLTON TOWNSHIP
SAGINAW COUNTY, MICHIGAN

October 27, 2003

I. BACKGROUND INFORMATION

Carrollton Township was organized as a General Law Township on January 4, 1866 and has a population of 6,602. Municipalities having a population over 4,000 are required to have an annual audit of their financial records, accounts, and procedures (MCL 141.425, Sec. 5. (2)). Carrollton Township currently has the following funds and account groups: General Fund; Special Revenue Funds: Fire, Police, Garbage/Rubbish, Building/Inspections, Budget Stabilization, Special Investigative, Recreation; Capital Projects Fund; Enterprise Funds: Water and Sewer; Trust and Agency Fund: Payroll, Tax Collection; General Fixed Assets Fund: Account Groups: Long Term Debt. Carrollton Township uses New World Systems for its accounting applications.

Carrollton Township is required by State law to provide an annual audit of its financial statements by a Certified Public Accountant in accordance with generally accepted auditing standards. This audit must be submitted to the State Treasurer's Office within six months after the end of the fiscal year.

II. OBJECTIVE AND SCOPE

A financial audit is requested for the fiscal year end of March 31, 2004. The audit will include Carrollton Township's financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the township's basic financial statements. The financial statements are to be presented in accordance with the financial reporting model described in GASB statement No. 34. Also, the document submitted to the township is to include combining and individual nonmajor fund financial statements and schedules that will be subjected to the auditing procedures applied in the audit of the financial statements that collectively comprise the township's basic financial statements.

The document is to also include management's discussion and analysis that will not be subject to the auditing procedures applied in the audit of the financial statements that collectively comprise the township's basic financial statements, and for which the auditor's report will disclaim an opinion.

The audit shall be performed in accordance with generally accepted auditing standards, as promulgated by the American Institute of Certified Public

Accountants (AICPA); the *AICPA Audits of State and Local Governmental Units* audit and accounting guide; and the *Government Auditing Standards*, published by the U.S. General Accounting Office.

The audit must be completed, and the report issued prior to August 31, 2004 and subsequent years.

III. REPORT REQUIREMENTS

For financial audits, the auditor shall examine the financial statements and records of Carrollton Township and shall issue an auditor's opinion on its financial statements with an in-relation-to opinion on combining and supplementary information, if any. Such financial statements shall be prepared in conformity with generally accepted accounting principles. The auditor will be responsible for preparing and printing the Comprehensive Annual Financial Report.

The auditor shall issue a compliance report based on an audit of general purpose or basic financial statements and a report on the internal control structure; both in accordance with *Government Auditing Standards*.

The auditor shall prepare and include a statement expressing positive assurance of compliance with State fiscal laws identified by the state auditor and other financial issues related to the expenditure of funds received from Federal, State, or local governments.

The auditor shall prepare a comprehensive management letter including the auditor's compliance with laws and regulations as applicable and adherence to generally accepted accounting principles.

IV. AUDIT TERM

If the selected certified public accounting firm performs satisfactorily for the March 31, 2004 audit, the same firm will be engaged to perform the audit for the succeeding two years, subject to an annual evaluation and Carrollton Township Board appropriation. The term may be extended for an additional two years beyond the three-year engagement, based on mutual agreement by and between the auditor and Carrollton Township. The contract for audit services will contain a termination clause. The termination clause will allow either party to terminate the contract at any time provided that 90 days advance notice is given.

V. PROPOSAL QUALIFICATION REQUIREMENTS

Interested certified public accounting firms should include the following information in their proposal to perform the audit of the fiscal year ending March 31, 2004:

1. Profile of the Independent Auditor

The profile of the proposing audit firm should provide general background information. This should include:

1. The organization and size of the proposing audit firm, whether it is local, regional, national or international in operations.
2. The locations of the office from which the work is to be done and the number of professional staff, by staff level, employed at the office.
3. A positive statement that the following mandatory criteria are satisfied:
 - (1) An affirmation that the proposing audit firm is properly licensed for practice as a certified public accountant in the State of Michigan.
 - (2) An affirmation that the proposing audit firm meets the independence requirements of the American Institute of Certified Public Accountants and the *Government Auditing Standards*, 2003 revision, published by the U.S. General Accounting Office.
 - (3) An affirmation that the firm meets the continuing education and external quality control review requirements contained in the *Government Auditing Standards*, 2003 revision, published by the U.S. General Accounting Office.

2. Proposing Firm's Qualifications

1. Identify the audit partners, audit managers, field supervisors and other staff who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing education for the staff auditors up to the individual with final responsibility for the engagement should be included.
2. Describe the recent local office auditing experience similar to the type of audit requested.
3. If other auditors are to participate in the audit, those auditors should be required to provide similar information.
4. Describe the audit firm's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review as required by *Government Auditing Standards*.

3. Proposing Firm's Approach to the Examination

Submit a general audit work plan to accomplish the scope defined in these guidelines. The audit work plan should demonstrate the proposing audit firm's understanding of the audit requirements and the audit tests and procedures to be applied in completing the audit plan. The plan should detail the expected number of audit hours by staff level. The planned use of specialists should also be specified.

4. Time Requirements

Detail how the reporting deadline requirements of the audit will be met.

5. Fees

Supply an annual fee for the audit service, inclusive of travel, per diem and all other out-of-pocket expenses. Any charges in excess of the agreed upon annual fee must be negotiated with Carrollton Township in advance of their accrual. As noted in section 4, it is expected that if the selected certified public accounting firm performs satisfactorily for the March 31, 2004 audit, it will be engaged to perform the audit for the succeeding two years with the possibility of extending the agreement for an additional two years beyond that. Therefore, the annual fee requested above should be provided for each of the five years.

6. Non-discrimination Clause

Affirm that the firm does not discriminate against any individual because of race, consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.

VI. CONTRACTUAL ARRANGEMENTS

- a. Audit programs, work papers and reports must be retained for a period of three years after the completion of the audit and made available for inspection by the Carrollton Township or government auditor's if requested by them.
- b. Carrollton township staff will be available to prepare schedules, trial balances, and provide documentation to assist the auditor to the best of their ability and as their schedules permit during the course of the audit.
- c. Neither party (auditing firm and the township) of the contractual arrangement shall, during the term of the contract, solicit for hire as an employee, consultant or otherwise any of the other party's personnel who have direct involvement with the audit services as outlined herein, without such other either party's written consent. If the audit firm or the township desires to offer employment to either's employees, a compensation fee may

apply

VII. EVALUATION OF PROPOSALS

The following criteria will be considered when making an evaluation of the proposals:

1. Technical Factors

1. Responsiveness of the proposal in clearly stating an understanding of the audit services to be performed.

(a) Appropriateness and adequacy of proposed procedures.

(b) Reasonableness of time estimates and total audit hours.

(c) Appropriateness of assigned staff levels.

2. Technical experience of the firm.

3. Qualifications of staff.

4. Size and structure of firm, considering the scope of the audit.

5. Geographic location of key personnel and responsible office.

2. Cost of the Audit

3. Right to Reject

Carrollton Township reserves the right to reject any and all proposals submitted and to request additional information from all proposing audit firms. Any contract awarded will be made to the independent certified public accounting firm who, based on evaluation of all responses, applying all criteria and oral interviews, if necessary, is determined to be the best to perform the audit.

VIII. SUBMISSION OF PROPOSALS

Six copies of your proposal must be submitted to Irene Yeska, Carrollton Township Office Manager, no later than Friday, January 9, 2004, 5pm. Selection of the CPA firm will be made by the Carrollton Township Board at their regular meeting to be held at 6:00 p.m. on Monday, January 26, 2004. All firms submitting proposals will be notified immediately as to the selection results. No proposal will be considered that is not received at or prior to the above time and date.

IX SOURCES OF INFORMATION

Please contact Irene Yeska (989) 754-4611 ext. 13 for additional information in regards to the proposal. Previous years Annual Audit Reports are available for inspection upon request.