

TOWN OF VERNON, CONNECTICUT

CONTRACT # 2007-3/22/17

REQUEST FOR PROPOSALS

FOR

AUDITING SERVICES

DUE ON MARCH 22, 2017 – AT 12:00 P.M.

LEGAL NOTICE

REQUEST FOR PROPOSALS

TOWN OF VERNON

CONTRACT # 2007-3/22/17

REQUEST FOR PROPOSALS

FOR AUDITING SERVICES

The Town of Vernon, Connecticut is requesting proposals from qualified independent public accounting firms or accountants, in accordance with the provisions of the Connecticut General Statutes, to conduct an examination and to render an opinion on the Comprehensive Annual Financial Statements of the Town. Proposals will be received at the office of the Town Administrator, Vernon Town Hall (Memorial Building), 14 Park Place, Vernon, Connecticut 06066, no later than 12:00 P.M. on Wednesday, March 22, 2017, at which time no further proposals will be considered. Request for Proposal forms may be obtained at the office of the Town Administrator from 8:30 A.M. until 4:30 P.M. on Mondays through Wednesdays; 8:30 A.M. until 7:00 P.M. on Thursdays; and 8:30 A.M. until 1:00 P.M. on Fridays; or from the Town's website at <http://www.vernon-ct.gov/>. Information concerning this Request For Proposal may be obtained by contacting Finance Officer James M. Luddecke at telephone (860) 870-3690. The Town of Vernon is an Equal Opportunity Employer.

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I. INTRODUCTION

A. General Information

The Town of Vernon, Connecticut is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2017, with the option of auditing its financial statements for each of the three (3) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) Generally Accepted Government Auditing Standards, the audit requirements of the U.S. Office of Management and Budget (OMB)'s Uniform Grant Guidance (Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards), compliance requirements described in OMB's Compliance Supplement; compliance requirements concerning municipal audits as described in the State of Connecticut Office of Policy and Management's Compliance Supplement, and in conjunction and conformity with sections 4-230 through 4-236 of the Connecticut General Statutes (the State Single Audit Act); requirements of the Board of Education of the State of Connecticut, and such other requirements as shall be promulgated by various oversight agencies.

The auditor(s) shall state that the primary purpose of the audit is to express an opinion on the basic financial statements taken as a whole and that the audit is subject to the inherent risk that errors or irregularities may occur and not be detected.

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

Addendum(s) to the RFP, including additional information, may be issued by the Town. When issued, addendum(s) will be posted on the Town's website under the "Request for Proposals" link. It is the Respondent's responsibility to check to see if RFP addendum(s) have been issued by the Town and to ensure that its proposal addresses all addendum(s).

To be considered, Town Administrator John D. Ward **must receive six (6) copies of a proposal, by 12:00 p.m. on March 22, 2017 at 14 Park Place, Vernon, Connecticut, 06066.** The Town of Vernon reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by a five (5) member Selection Committee composed of the Finance Officer, the Controller and the Audit Committee which is comprised of three Town Council members.

During the evaluation process, the Selection Committee and the Town of Vernon, hereon referred to as the ("Town") reserve the right, where it may serve the Town of Vernon's best interest, to request additional information or clarifications from Submitting Firms, or to allow corrections of errors or omissions. At the discretion of the Town or the Selection Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Town of Vernon 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 request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town of Vernon and the firm selected.

It is anticipated the selection of a firm will be completed by March 30, 2017. Following the notification of the selected firm it is expected an engagement letter will be executed between both parties within 30 days of approval.

By submitting a proposal, the Respondent certifies that no officer, agent or employee of the Town who has a pecuniary interest in this request for proposal has / nor shall participate in the contract negotiations on the part of the Town, that the proposal is made in good faith without fraud, collusion or connection of any kind with any other Respondent of the same call for proposals, and that the Respondent is competing solely in its own behalf without connection with or obligation to, any undisclosed person or firm. Respondents must fully disclose, in writing to the Town on or before the closing date of this RFP, the circumstances of any possible conflict of interest if the Respondent were to become a contracting party pursuant to this RFP. The Town shall review any submissions by Respondents under this provision and may reject any Proposals where, in the opinion of the Town, the Respondent could be in a conflict of interest or could be perceived to be in a possible conflict of interest position if the Respondent were to become a contracting party pursuant to this RFP. All consultants who contract with the Town are subject to the Town's Code of Ethics.

B. Terms of Engagement

A four (4) year contract is contemplated, subject to the annual review and recommendation of the Selection Committee or Town Council, the satisfactory negotiation of terms (including a price acceptable to both the Town of Vernon and the selected firm), the concurrence of the Town Council and the annual availability of an appropriation.

II. DESCRIPTION OF THE GOVERNMENT

A. General

The auditor's principal contact with the Town of Vernon will be James M. Luddecke, Finance Officer and Treasurer, or Frank J. Zitkus, Controller, who will coordinate the assistance to be provided by the Town to the auditor. The principal contact for the Department of Education will be Michael Purcaro, Director of Business and Finance.

A list of key personnel with the location of their principal offices (Appendix A) is attached.

B. Background Information

The Town of Vernon, located in the northeast part of the state, serves an area of 18.6 square miles with a population of 28,959. The Town was originally part of Bolton, Connecticut, and was incorporated as a separate township in October 1808. In 1965, the Town, in its current form, was created when the Town, the City of Rockville and the Vernon Fire District were consolidated. The Town's fiscal year begins on July 1 and ends on June 30.

In addition to General Government services, the Town provides the following services to its residents:

Police	Fire Protection & Ambulance	Animal Control
Engineering	Street Lights	Emergency Management
Road Repair	Snow Removal	Solid Waste Removal
Recycling	Human Services	Leaf Removal
Recreation	Waste Treatment	Building Inspection
Education	Economic Development	Planning and Zoning

The Town (including education) has a total General Fund payroll of approximately \$44,125,000 covering 824 full-time employees, plus part-time and seasonal employees.

The Town of Vernon is organized into several departments and agencies. All funds and account groups are under the administrative control of the:

Finance Officer
Board of Education
Water Pollution Control Authority

More detailed information on the government and its finances can be found in the Comprehensive Annual Financial Report (CAFR), Official Statement, and Budget Summary located on the Town's website or by contacting the Finance Department at (860) 870-3690.

C. Fund Structure

The Town of Vernon uses the following fund types, all under general ledger control, and account groups in its financial reporting:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>	<u>Number With Legally Adopted Annual Budgets</u>	<u>FY 2016 Expenditures (Expenses)</u>
General Fund (major)	1	1	\$ 89,945,808
Special Revenue Funds	22		\$ 12,305,617
Debt Service Funds	1		\$ 1,662,040
Capital Project Funds (major)	2		\$ 6,061,377
Capital Project Funds (non-major)	11		\$ 2,131,791
Permanent Funds	2		\$ 18,941
Enterprise Funds	2		\$ 5,240,935
Internal Service Funds	3		\$ 2,401,626
Pension Trust Funds	3		\$ 5,932,290
Agency Funds	3		\$ 680,039
Private Purpose Trust Fund	1		\$ 42,980
Other Post Employment Benefits Trust	1		\$ 1,347,226

D. Budgetary Basis of Accounting

The Town prepares its budgets on a basis consistent with Generally Accepted Accounting Principles, except that on-behalf payments are not reported as budgetary revenues or expenditures.

E. Pension Plans

The Town administers three single employer, contributory, defined benefit plans, as follows:

<u>Plan</u>	<u>Multiple-Employer</u>		<u>Single-Employer</u>	
	<u>Cost - Sharing</u>	<u>Defined Agent</u>	<u>Defined Benefit</u>	<u>Defined Contribution</u>
Town Pension			x	
Police Pension			x	
LOSAP			x	

LOSAP, is a Length of Service Award Program of volunteer firefighters and ambulance personnel.

The Town also administers nine separate single-employer defined contribution pension plans for various bargaining units and non-affiliated employees.

F. Comprehensive Annual Financial Report

The Town of Vernon has received a certificate of achievement for excellence in financial reporting from the Government Finance Officers Association of the United States and Canada for each of the past twenty-five fiscal years. It is the intention of the Town to continue to receive this award annually and will expect the CAFR to meet program requirements. The auditor will review the final draft CAFR for compliance with the certificate program checklists.

G. Availability of Prior Audit Reports

Interested proposers who wish to review prior years' audit reports can review these documents on the Town's website: <http://www.vernon-ct.gov/finance>

III. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Statements and Schedules and other pertinent information to be Prepared by the Town of Vernon

The staff of the Town will prepare or provide statements and schedules for the auditor as follows:

1. Adjusted trial balance for all funds
2. Detailed schedules of revenues and expenditures, expenses, accounts payable and receivable, and encumbrances
3. Detail of balance sheet and subsidiary account activity
4. Check registers for all funds
5. Bank reconciliation for all accounts
6. Detail of capital projects expenditures on a project to life basis
7. Analysis of accounts as requested
8. Investment activity schedules
9. Debt schedules
10. Capital assets schedules
11. Payroll records
12. Tax collection, sewer assessment, and sewer user schedules
13. Schedule of Compensated Absences
14. Latest Actuarial Reports
15. Completed ED-001 and Supporting Documents
16. Standard representation letters
17. Fund Financial Statements and Supplemental Schedules
18. Government-wide conversion data (with auditor's assistance)
19. Notes to the basic financial statements. (with auditor's assistance)
20. Required Supplementary Information
21. CAFR Statistical and Trend tables
22. Schedules of federal and state assistance

The staff of the Town of Vernon will prepare various worksheets to assist in the financial statement compilation and required supplementary schedules as noted. **However, auditor assistance will be required for the following: conversion of the Fund Financial Statements to the Government-wide GASB 34 financial statement format; preparation of certain note disclosures and certain required supplementary information; submission of data collection form SF-SAC and Single Audit reporting package; implementation of new Government Accounting Standards Board Statements; and developing responses to any comments and suggestions provided by the Government Finance Officers Association relative to the Certificate of Achievement for Excellence in Financial Reporting program.**

B. General

Office space will be provided in close proximity to the financial records. Telephones and facsimile machines will be made available as well as the use of a copy machine during the engagement. The auditors will be required to provide their own equipment and other office materials.

C. Report Preparation

Report(s) preparation, editing, reproduction costs and printing shall be the responsibility of the auditor.

IV. NATURE OF SERVICES REQUIRED

A. General

The Town is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2017, with the option to audit the Town's financial statements for each of the three (3) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this Request for Proposal.

B. Qualifying Requirements

Qualified Firm:

Firms submitting proposals must be qualified to perform independent audits of municipalities of the State of Connecticut. The firm must have been engaged during the fiscal year ended June 30, 2016, as independent auditors for the purpose of rendering an opinion on the annual financial statements of a Connecticut municipality with a population of at least 16,000.

Understanding of and familiarity with the Government Finance Officers Association ("GFOA") Certificate of Achievement for Excellence in Financial Reporting program.

Location:

The auditor's must have an office located within the State of Connecticut, and resident staff must be able to offer the full range of auditing services required by this Request for Proposal.

Non-Discrimination:

No person shall be denied or subjected to discrimination on account of any services, or activities made possible by or resulting from this agreement on the grounds of sex, race, color, creed, national origin, age (except minimum age and retirement provision), marital status or the presence of any sensory, mental or physical handicap. Any violation of this provision shall be considered a violation of a material provision of this agreement and shall be grounds for cancellation, termination or suspension in whole or in part of the agreement by the Town and may result in ineligibility for further Town contracts. The Submitting Firm shall at all times in the proposal and contract process comply with all applicable town, state, and federal anti-discrimination laws, rules, regulations and requirements thereof.

Reports:

Each Submitting Firm shall submit one copy of at least two Comprehensive Annual Financial Reports issued by Connecticut municipalities in which their opinion is contained. At least one of these reports shall have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting within the past two years.

Other:

Supervisory members of the audit team, including the "in charge" field auditor, should be Certified Public Accountants and have a minimum of two (2) years of municipal audit experience in the State of Connecticut. The Selection Committee intends to strongly consider municipal audit experience and certification in evaluating the Submitting Firm's audit team.

C. Scope of Work to be Performed

The Town of Vernon desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. The auditor shall also perform certain limited procedures involving required supplementary information.

The auditors are not required to audit the supporting supplemental schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" report on the supporting supplemental schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the introductory, statistical and trend data sections of the report.

D. Auditing Standards to be Followed

To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards, the provisions of the Single Audit Act Amendments of 1996, the provisions of U.S. Office of Management and Budget (OMB)'s Uniform Grant Guidance including subpart F - Audit Requirements, OMB's Compliance Supplement, the provisions of the Single Audit Act, as amended and in conjunction and conformity with sections 4-230 through 4-236 of the Connecticut General Statutes (the State Single Audit Act) and State Compliance Supplement; as well as requirements of the Office of Policy and Management of the State of Connecticut concerning municipal audits; requirements of the Board of Education of the State of Connecticut, and such other requirements as shall be promulgated by various oversight agencies.

E. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue all reports as are appropriate and required by generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's Generally Accepted Government Auditing Standards, the provisions of the Federal Single Audit Act of 1984 (as amended) and U.S. OMB Uniform Grant Guidance including subpart F - Audit Requirements, and the Connecticut General Statutes, including but not limited to the following:

Financial

INDEPENDENT AUDITOR'S REPORT

State Single Audit (combined with Federal Single Audit)

A REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

Federal Single Audit (combined with State Single Audit)

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

In addition, the following separate reports shall be prepared and submitted:

- A report to assist in completion of the ED001 and other audit reports as required by the State Department of Education.

The auditor shall communicate in a letter to management any significant deficiencies or material found during the audit. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those responsible for oversight of an entity's financial reporting. A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected on a timely basis.

Deficiencies in internal controls not considered significant deficiencies or material weaknesses discovered by the auditors shall be reported in a separate letter to management. The "management letter" shall include recommendations for improvements in internal control, accounting procedures and other significant observations that are considered as "non-reportable" conditions.

The reports on compliance shall include all instances of non-compliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following individuals:

Town Administrator
Finance Officer and Treasurer
Mayor

F. Special Considerations

1. The Town will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to the Town to meet the requirements of that program.
2. The Town currently anticipates it will prepare several Official Statements in connection with the sale of debt securities which will contain the basic financial statements and the auditors report thereon. In addition, the basic financial statements and the Auditors report thereon will be used in connection with providing annual financial information to EMMA (Electronic Municipal Market Access.) The auditors, by executing a contract, agree to the inclusion in any official statement, EMMA filing, or disclosure document in conjunction with any issuance of debt, **of the basic financial statements, the opinion thereon and any supplemental and supporting information in the audit report** as well as to furnish the TOWN with a "consent and citation of expertise" as the auditor and any necessary "comfort letters."

3. The Schedules of Expenditures of Federal Awards and State Financial Assistance and related auditor's reports, as well as the reports on the internal control structure and compliance are to be issued separately from the Comprehensive Annual Financial Report.
4. The formal and official TOWN accounting records are maintained by the Finance Officer and Treasurer. The formal and official accounting records for the Department of Education are maintained by the Director of Business and Finance.
5. The Town may request technical advice on Social Security and Federal and State Income Tax withholding questions related to payroll. It is understood that the firm, in giving technical advice, must maintain its "independence" for audit purposes. The audit firm should have expertise in the area of Federal and State Payroll Laws and withholding requirements, including applicable Social Security Regulations.
6. In addition to hard copies of the CAFR, the Town will require the CAFR be provided in a searchable PDF format for posting on the Town's website.

G. 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 Town of the need to extend the retention period. The auditor will be required to make working papers available, upon request 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.

H. Other Audit Services

Periodically the Town is required to have separate audits performed. The auditors will be expected to perform these audits and any other audit services requested by the Town outside of the standard audit at the hourly rate(s) stated in Appendix D. Agreements to perform such services shall be reduced to writing.

I. Implied Requirements

All services not specifically mentioned in this Request for Proposal that are necessary to provide the functional capabilities described by the auditor shall be included in the Scope of Services.

V. 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 proposal issued	March 3, 2017
Due date for proposals	March 22, 2017
Oral presentation by selected firms	March 27 & March 30, 2017
Appointment by Town Council	March 30, 2017
Contract date	within 30 days of appointment

B. Schedule for the Annual Audit

Entrance conference with Finance Officer Controller and Department of Education Representatives to commence year-end audit work	June 1, 2017
Preliminary field work begins	Subsequent of entrance Conference
Final audit work begins	September 1, 2017
Exit conference to review draft and significant findings	November 15, 2017
Draft comments returned to Auditors by	No later than, November 29, 2017
Submission of Final Report	No later than December 13, 2017

C. Report Submissions

Copies of all reports shall be addressed to the Vernon Town Council. The successful Submitting Firm will also submit copies of reports as required by State and Federal Single Audit requirements.

The ultimate submission dates for the various reports to the municipality and the appropriate cognizant agencies are as follows:

Comprehensive Annual Financial Report	December 15, 2017
Single Audit Reports	December 15, 2017
ED001 Certification	December 15, 2017

Where an extension of time may be required, it will be the responsibility of the Auditor to promptly notify the Town, in writing. It is the Town's responsibility to secure all necessary approvals in a timely manner. The Auditor shall promptly notify James M. Luddecke, Finance Officer and Treasurer, of any suspicion of fraud, defalcation or misapplication of funds. Such notice shall be in addition to any notice to grantors required by single audit legislation.

The final completed, signed audit report shall be delivered to the Town on or before December 15th. The firm will be responsible for timely delivery of the final CAFR and single audits to all state, federal and private agencies as may be required. In addition to the required filings, the firm will deliver fifty (50) copies of each of the audit reports to James M. Luddecke, Finance Officer and Treasurer, Town of Vernon, at 14 Park Place, Vernon, Connecticut, 06066.

In addition to the audit copies, the firm will be required to provide an electronic, searchable copy of the audits in an Adobe Acrobat (PDF) document.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

John D. Ward, Town Administrator – 860-870-3665 / jward@vernon-ct.gov

or

James M. Luddecke, Finance Officer and Treasurer – 860-870-3690 / jluddecke@vernon-ct.gov

14 Park Place, Vernon, Connecticut 06066

2. *Submission of Proposals*

Submission of Technical Proposals and Sealed Dollar Cost Fee Proposals:

In order for a submitting firm to be considered, the original technical proposal and dollar cost fee proposal, together with five (5) copies is required by Wednesday, March 22, 2017, at 12:00 PM.

a. The **“Technical Proposal”** and five (5) copies are to include the following:

i. Title Page

Title page showing the request for proposal’s subject; the submitting firm's name; the name, address and telephone number of a contact person; and the date and contract number of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the Submitting Firm'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 for the period covered.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI. B. of this request for proposals.

v. Guarantees and Warranties

Executed copies of Submitting Firm Guarantees and Submitting Firm Warranties attached to this request for proposals (Appendix B).

b. The Submitting Firm shall submit an original and five copies of a **“Sealed Dollar Cost Fee Proposal”** attached to this request for proposals (Appendix D).

c. Submitting Firms should send the completed proposal consisting of the two (2) separate envelopes to the following address:

Mr. John D. Ward, Town Administrator
14 Park Place, Vernon, Connecticut 06066

Envelope #1: Technical Proposal

Envelope #2: Sealed Dollar Cost Fee Proposal

B. Technical Proposal

1. General Requirements

The purpose of the technical 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 technical 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 technical proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in Appendix D). The proposal should be prepared simply and economically, providing a straightforward, concise description of the Submitting Firm's capabilities to satisfy the requirements of the request for proposals. While additional items may be presented, the following subjects, items Nos. 2 through 8, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the Town of Vernon as defined by generally accepted accounting standards and the U.S. Comptroller General's Government Auditing Standards.

The firm should also list and describe the firm's professional relationships involving the Town of Vernon or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the Town written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Connecticut

An affirmative statement should be included indicating that the firm and its municipal principal are qualified to practice in Connecticut.

4. Firm Qualifications and Experience

The proposal should state the size of the firm, 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 staff to be so employed on a part-time basis.

The firm shall also provide information on the results of the firm's latest federal or state desk reviews or field reviews of its audits. 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.

5. *Partner, Supervisory and Staff Qualifications and Experience*

The firm should identify the principal supervisory and management staff, including engagement principals, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Connecticut. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

The Submitting Firm should identify the extent to which its staff reflects the Town's commitment of Equal Employment Opportunity / Affirmative Action.

Engagement principals, managers, 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 Town. However, in either case, the Town retains the right to approve or reject replacements.

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

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

6. *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 total staff hours. Indicate the scope of work, date, engagement principals, total hours, and the name and telephone number of the principal client contact.

7. *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 IV of this request for proposal. 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.

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

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.

- c. Sample size and the extent to which statistical sampling is to be used in the engagement.
- d. Extent of use of EDP software in the engagement.
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the Town's internal control structure.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. *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.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.

C. SEALED DOLLAR COST FEE PROPOSAL

1. *Total All-Inclusive Maximum Price*

The Sealed Dollar Cost Fee Proposal, hereon referred to as “dollar cost bid”, shall contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

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.

2. *Fixed Fees by Category*

The dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix D) that supports the total all-inclusive price.

3. *Rates for Additional Professional Services*

If it should become necessary for the Town of Vernon to request the auditors to render any additional services requested 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. Any such additional work agreed to between the

Town and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid in Appendix D.

4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a Period of not less than a calendar month. Ten percent (10%) will be withheld from the total pending the delivery of the final reports.

VII. EVALUATION PROCEDURES

A. Selection Committee

Proposals submitted will be evaluated by a five (5) member Selection Committee consisting of the Finance Officer, Controller and Audit Committee (3 Town Council Members).

B. Evaluation Criteria

The following represents the principal selection criteria that will be considered during the evaluation process of proposals.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Connecticut.
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding three years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the Town.
- d. **The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.**
- e. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
- f. The firm shall submit one copy of two Comprehensive Annual Financial Reports issued by Connecticut municipalities in which their opinion is contained. At least one of these reports shall have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting within the past two years.

2. Technical Qualifications

a. Expertise and Experience

1. The firm's past experience and performance on comparable government engagements.
2. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
3. Experience with the preparation of federal and state financial assistance and related reports.
4. Experience in providing assistance to meet the requirements of the Certificate of Achievement for Excellence in Financial Reporting program.

3. Service Delivery Plan

- a. Describe how the firm intends to conduct the audit in the first year versus subsequent years. Describe the service delivery system including what will be done, by whom, how, and where. Provide detail on staffing requirements. Describe how the services will be coordinated and monitored and how access to them will be ensured through entrance conferences, progress reporting, and exit conferences.

4. Price

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

C. Oral Presentations

During the evaluation process, the Selection Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

The Selection Committee will recommend a firm for approval by the Town Council.

It is anticipated that a firm will be selected by March 30, 2017. Following notification of the firm selected, it is expected a contract will be executed between both parties within thirty (30) days of approval.

E. Right to Reject Proposals

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

The Town of Vernon reserves the right without prejudice to reject any or all proposals or parts thereof for any reason, to negotiate changes to proposal terms and to waive minor inconsistencies with the request for proposal.

APPENDIX A

LIST OF KEY PERSONNEL, OFFICE LOCATIONS AND TELEPHONE NUMBERS

NAME AND TITLE	LOCATION OF OFFICE	TELEPHONE
James M. Luddecke Finance Officer and Treasurer	Town Hall, 14 Park Place Second Floor, Finance Dept.	860-870-3631
John D. Ward Town Administrator	Town Hall, 14 Park Place Third Floor, Administration	860-870-3665
Frank J. Zitkus Controller	Town Hall, 14 Park Place Second Floor, Finance Dept.	860-870-3692
Angela Wendus Administrative Assistant	Town Hall, 14 Park Place Second Floor, Finance Dept.	860-870-3627
Penny Calcasola Payroll Coordinator	Town Hall, 14 Park Place Second Floor, Finance Dept.	860-870-3630
Diane Luddecke Budget Analyst	Town Hall, 14 Park Place Second Floor, Finance Dept.	860-870-3631
Laurie Zevallos Accountant - Procurement	Town Hall, 14 Park Place Second Floor, Finance Dept.	860-870-3632
Beverly States Assistant Treasurer	Town Hall, 14 Park Place Second Floor, Finance Dept.	860-870-3643
Terry Hjarne Collector of Revenue	Two Park Place First Floor, Tax Office	860-870-3616
David Wheeler Assessor	Two Park Place First Floor, Assessment Office	860-870-3602
Robert Sigan Director of Data Processing	Two Park Place Second Floor, Data Processing	860-870-3673
Matthew Daskal Financial Analyst	Two Park Place Second Floor, WTP Admin.	860-870-3608
Michael Purcaro Director of Business & Finance	30 Park Street School Administration Building	860-870-6000
Louis Spadaccini Town Attorney	158 East Center Street Manchester, CT 06040	860-432-0676

APPENDIX B

**SUBMITTING FIRMS GUARANTEES
AND WARRANTIES**

Submitting Firm Guarantees

The submitting firm certifies it can and will provide and make available, at a minimum, all services set forth in Section IV, Nature of Services Required.

Submitting Firm Warranties

1. Submitting Firm warrants that it is willing and able to comply with State of Connecticut laws with respect to foreign (non-state of Connecticut) corporations.
2. Submitting Firm warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
3. Submitting Firm warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Town of Vernon.
4. Submitting Firm warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX C

INSURANCE SPECIFICATIONS AND REQUIREMENTS INSURANCE EXHIBIT – PROFESSIONAL SERVICES

The professional individual or firm shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from, or be in connection with the performance of the work hereunder by the individual or the firm, his agents, representatives, or employees. The cost of such insurance shall be included in the proposal.

For the purpose of this clause, the term “professional individual or firm” shall also include the individual’s or firm’s respective officers, agents, officials, employees, volunteers, boards and commissions.

A. Minimum Scope and Limits of Insurance

1. **Broad Form Comprehensive General Liability**

\$1,000,000 combined single limit per occurrence for bodily injury, personal injury, property damage, and products / completed operations.

2. **Automobile Liability**

\$1,000,000 combined single limit per occurrence for bodily injury and property damage.

3. **Umbrella Liability**

\$1,000,000 per occurrence, following form.

4. **Workers’ Compensation**

Limits as required by State of Connecticut Labor Code

5. **Employer’s Liability**

\$100,000 each accident
\$500,000 disease/policy limit
\$100,000 disease/each employee

6. **Professional Liability** (if used on a claims-made basis, insurance coverage shall be maintained for the duration of the contract and for two (2) years following contract completion.)

\$1,000,000 per occurrence
\$1,000,000 aggregate

7. **Personal Property Coverage**
\$100,000 Professional Papers

Adequate insurance to cover the value of personal property (including but not limited to, personal computers) belonging to the Auditor while located on Town property, while in use or in storage, for the duration of the contract.

B. Aggregate Limits

Any aggregate limits must be declared to and be approved by the Town. At the option of the Town, the insurer shall increase or eliminate the aggregate limit and notify the Town of any erosion of aggregate limits.

C. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and be approved by the Town. At the option of the Town, the insurer shall reduce or eliminate such deductibles or self-insured retentions as regards the Town or the Auditors shall procure a bond which guarantees payment of the losses and related investigations, claims administration and defense expenses. At no time will the Town be responsible for the payment of deductibles or self-insured retentions.

D. Notice of Cancellation or Non-renewal

Each insurance policy required by this Exhibit shall be endorsed to state that coverage shall not be suspended, voided, canceled, or reduced, either in coverage or in limits, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Town.

E. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions;

1. Liability, (General, Automobile, Professional) Coverage;

a. **“The Town and its respective officers, agents, officials, employees, volunteers, boards and commissions”** are to be **named as additional insureds** with regards to liability arising out of activities performed by or on behalf of the Auditor; products and completed operations of the Auditor; premises owned, leased or used by the Auditor. The coverage shall contain no special limitations on the scope of protection afforded to the Town.

b. The Auditor’s insurance coverage shall be the primary insurance as regards the Town. Any insurance or self-insurance maintained by the Town shall be in excess of the Auditor’s insurance and shall not contribute with it.

c. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the Town.

- d. Coverage shall state that the Auditor's insurance shall apply separately to each insured against whom a claim is made or a suit is brought, except with respect to the limits of the insurer's liability.

2. Workers' Compensation and Employer's Liability Coverage

- a. The insurer shall agree to waive all rights of subrogation against the Town for losses arising from the work performed by the Auditor for the Town.
- b. If State statute does not require the Auditor to obtain Workers' Compensation insurance, then the Auditor shall furnish the Town with adequate proof of the self-employment status. The Auditor agrees to waive all rights of claims against the Town for losses arising from the work performed by the Auditor. In the event that during the contract this self employment status should change, the Auditor shall immediately furnish proper notice to the Town and a certificate of insurance indicating that Workers' Compensation insurance and Employer's Liability coverage has been obtained by the Auditor as required by this Exhibit.

F. Acceptability of Insurers

- 1. Insurance is to be placed with insurers which have a Best's rating of at least A.
- 2. Insurance companies must either be licensed to do business in the State of Connecticut or be deemed to be acceptable by the Town's Town Administrator.

G. Verification of Coverage

The Auditor shall furnish the Town with certificates of insurance effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the Town Administrator before work commences. Renewal of expiring certificates shall be filed thirty (30) days prior to expiration. The Town reserves the right to require complete, certified copies of all required policies, at any time.

All insurance documents required by this Exhibit shall be mailed to the Town Administrator.

Signed:

Auditor: _____ Date _____

Town: _____ Date _____

APPENDIX D

“SEALED DOLLAR COST FEE PROPOSAL”

To be submitted on your firm’s letterhead in a **separate envelope**.

Firm’s Name: _____

Location of office staffing the audit: _____

Number of Municipal professional audit staff at this location: _____ Number of Municipal audit staff to be assigned to the Town of Vernon: _____

Connecticut Municipal audit clients (FYE 2016 engagements for municipalities with populations of 20,000 or more): _____

TOTAL ALL-INCLUSIVE MAXIMUM PRICE

BY CATEGORY:

	June 30, 2017	Year 2	Year 3	Year 4
General Government:				
-Financial				
-State Single Audit				
-Federal Single Audit				
General Government Subtotal:				
Education:				
-Financial				
-State Single Audit				
-Federal Single Audit				
-ED 001, etc.				
Education Subtotal:				
TOTAL ALL-INCLUSIVE MAXIMUM PRICE:				

APPENDIX D

“SEALED DOLLAR COST FEE PROPOSAL”

Total hours included in All-Inclusive Maximum Price

	HOURS	QUOTED HOURLY RATES
Principal		\$
Manager		\$
Staff		\$
Other		\$

Rates for hours for services outside the specified scope

	QUOTED HOURLY RATES
Principal	\$
Manager	\$
Staff	\$
Other	\$

Submitted by: _____ Date: _____

Signature: _____ Title: _____

Telephone: _____ Fax: _____

APPENDIX E

SAMPLE AUDIT SERVICES PROPOSAL LETTER
(To be submitted on your firm's letterhead)

March 20, 2017

John D. Ward
Town Administrator
14 Park Place
Vernon, Connecticut 06066-3291

Dear Mr. Ward:

We have read the Request for Proposal and fully understand its intent and contents. We certify that we have adequate personnel, insurance, equipment, and facilities to fulfill the specified requirements. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Selection Committee.

We have attached the following:

1. Audited CAFR reports for two (2) clients as outlined in Section IV, B.
2. Technical Proposal as outlined in Section VI
3. Appendix B: Submitting Firm Guarantees and Warranties
4. Appendix C: Insurance Specifications and Requirements
5. Appendix D: Sealed Dollar Cost Fee Proposal (separate envelope).

It is further understood and agreed that all information included in, attached to, or required by the Request for Proposal shall be public record upon delivery to the Town.

Submitted by _____ Date _____

Signature _____ Title _____

Telephone _____ Fax _____

Email Address _____