

CITY OF MOLALLA



REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES

117 N Molalla Ave
PO Box 248
Molalla, OR 97038

April 5, 2022

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I. Background Information

a. General Information

Molalla is a community of 10,000 residents where citizens, business, and City government work together to ensure the community retains its hometown identity, livability, and natural beauty. Molalla's rich past and beautiful setting is still reflected today in our commitment to our quality of life.

Molalla is part of the Mt. Hood Territory located at the foothills of the Cascade Range, near the Mount Hood National Forest, 15 miles south of Oregon City, and 13 miles east of Interstate 5. The City of Molalla is surrounded by the Molalla River Corridor, rich agriculture, ranches, and rural residential development.

The City of Molalla maintains all authority granted to municipal corporations under Oregon State Statute, including the authority to issue debt, levy taxes on real property within its boundaries; and extend its corporate city limits by annexation.

The City provides a full range of services: law enforcement; public library; street operation and maintenance; parks; treatment and distribution of municipal water; collection and treatment of wastewater; storm water collection; current and long-range planning; finance and administration; urban renewal district and enterprise zone.

b. Previous Financial Statements

Below is a link to the previous financial statements for the City of Molalla and the Molalla Urban Renewal Agency:

<https://www.cityofmolalla.com/finance/page/audits>

c. Recent and/or Upcoming Changes

The City of Molalla is experiencing growth not only of population but growth and development of staff. The current Finance Director is planning to retire in 2023 but succession planning is in place. The City hopes to update the financial statement presentation to an Annual Comprehensive Financial Report. A full slate of Government Finance Officers Association best practice financial policies was adopted in 2019, and the City received a Distinguished Budget Presentation award from GFOA for the 2020-2021 budget.

d. Accounting Records

The City uses Caselle for its financial reports and processes.

II. General Information

a. General Description

The City of Molalla is seeking proposals for the audit of its annual financial statements (including Urban Renewal) from qualified certified public accounting firms. A complete description of services to be provided is described under Section III. The first reporting period to be audited is July 1, 2021, through June 30, 2022, extending through the next four subsequent fiscal years.

b. Points of Contact

Questions, inquiries, or comments regarding this Request for Proposals (RFP), should be directed to:

Christie Teets
City Recorder
Cityrecorder@cityofmolalla.com
503-829-6855

c. RFP Responses

Your proposal must be received no later than April 29th at 4:00 pm. Responses should be emailed (preferred) to cityrecorder@cityofmolalla.com (in PDF or MS Word) or mailed to the following address:

City of Molalla
Attn: Christie Teets, City Recorder
PO Box 248
Molalla, OR 97038

Note: Postal mail is not delivered to the City street address, but if other delivery service is used, the location address of 117 N Molalla Ave should be used.

Emailed proposals shall not be deemed received until a confirmation email is received in reply to the submitted proposal, confirming the emailed proposal was received and the format was readable.

Any amendments to this RFP will be in writing and will be issued to all persons or businesses that have indicated an interest to receive RFP addenda or have obtained the proposal materials. The addenda will be posted www.cityofmolalla.com and issued by email to the address furnished by those responding to this announcement. Your proposal must acknowledge receipt of all addenda issued either when you submit your proposal or separately prior to opening. No proposal will be considered that is not responsive to any issued addenda.

d. Tentative Schedule for Selection Process

Proposal Due:	April 29, 2022 at 4:00PM
Finalist Selections:	May 20, 2022
City Manager Approval:	May 31, 2022
Contract Finalized:	June 1 – 15, 2022

This is a tentative schedule and is provided as a courtesy to potential proposers. The actual schedule may vary from the one provided above without notice to potential proposers. Any changes made to the closing date of the RFP will be made in the form of an addendum provided to all potential proposers who have received RFP documents.

e. Proposal Evaluation

The following criteria will be used to evaluate proposals and select the most qualified certified public accounting firm:

Evaluation Criteria	Scoring
1. Firm's municipal audit expertise and experience and qualifications of key personnel	30%
2. Audit approach and schedule	20%
3. References	20%
4. Fees for service	20%
5. Differentiators	10%

The selection team will review the applications and select the most qualified proposers to interview. The selection team will then select the most qualified proposal based on the evaluation criteria listed above.

f. Contract Duration and Budget

The selected certified public accounting firm shall be designated as the City's auditor for a five-year term commencing with the fiscal year ending June 30, 2022. Either party may cancel the contract effective at fiscal year-end, by written notice delivered prior to December 15th of that fiscal year. The City of Molalla reserves the right to extend the contract beyond the original period, negotiating each year separately as to price and work performed.

The City has budgeted a not-to-exceed price of \$40,000 for the first year of the contract.

g. Acceptance or Rejection and Negotiation of Proposals

The City of Molalla reserves the right to reject any or all proposals, to waive any irregularities in the RFP, to accept or reject any item or combination of items in a proposal in accordance with ORS 279B.100 and Local Contract Review Board Rule (LCRBR) 30.125 or 30.130, to request additional information or clarifications from respondents, and to negotiate or hold interviews with any one or more of the respondents. By requesting proposals, the City is in no way obligated to award a contract or to pay expenses of the

proposing firms in connections with the preparation or submission of a proposal. Furthermore, the City reserves the right to reject any and all proposals prior to execution of a contract, with no penalty to the City, if doing so in the public interest. Any protest or objection of award must comply with LCRBR 30.135 and/or 30.140.

III. Scope of Auditor Services

a. General

The City of Molalla is requesting proposals from qualified certified public accounting firms, duly authorized to practice as such by the State of Oregon, to audit the City's financial statements (including Urban Renewal) commencing with the fiscal year ending June 30, 2022, and extending through the next four subsequent fiscal years.

The City of Molalla desires the auditor to express opinions on the fair presentation of the City's basic financial statements, in conformity with generally accepted accounting principles (GAAP). The auditor shall also be responsible for performing certain limited procedures involving required supplementary information and other supplementary information required by the Governmental Accounting Standards Board (GASB) as well as required under Oregon Minimum Standards.

The selected auditor shall submit for management's review, a draft of all reports. The final reports are subject to review by the Molalla City Council. The selected auditor shall incorporate, as part of the basic proposal, meeting time with the finance staff, City Manager and the City Council for the purpose of discussing the audit, management letter, and conclusions.

As part of the overall audit contract, the City expects to receive from the audit firm a variety of technical assistance throughout the fiscal year, including answers to accounting, reporting, and/ or internal control questions.

b. Basic Reports to be Issued

Upon completion of the audit of the financial statements, the auditor shall issue the following:

- Independent Auditor's Report
- AU-C 260 Letter
 - AU-C 260 Letter: including Findings, statements, observations, opinions, comments and recommendations
- Audit Comments and Disclosures Required by State Regulation

c. Additional Reports to be Issued Dependent on Applicability

Due to the fluctuation in expenditure of federal grant funds, the need for some reports is based upon whether the City meets the audit threshold (over \$750,000 in expended grant funds) for performance of a Single Audit under OMB Uniform Guidance. Such reports are as follows:

- Independent Auditor's 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*
- Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance
- Schedule of Findings and Questioned Costs
- The City of Molalla anticipates needing a Single Audit for fiscal year 2021 and 2022 due to being a subrecipient of federal ARPA funds.

d. Supplemental Reports / Studies

Reports on other audits or agreed-upon procedures may be agreed to in writing as stated in a supplemental services agreement. Prior to beginning work, the scope and associated costs shall be approved by the City of Molalla.

e. Standards to be Followed

To meet the requirements of this RFP, these audits are to be performed in accordance with all applicable professional standards including, but not limited to, applicable standards set forth for financial audits by the Governmental Accounting Standards Board (GASB), Government Auditing Standards (GAS), as promulgated by the Government Accountability Office (GAO) (if applicable), and requirements described in the U.S. Office of Management and Budget (OMB) Uniform Guidance and *Compliance Supplement* (if applicable).

In addition, all aspects of the engagement shall be performed in accordance with the highest professional standards and comply with all applicable federal, state, and local laws.

f. Special Considerations

The firm receiving the contract for audit services shall procure and maintain, for the duration of the contract, insurance as required in the standard services contract (see attached). The firm must provide a Certificate of Insurance. The firm will also be required to obtain and maintain a valid business license for the term of the contract.

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 seven (7) years following completion of the audit, unless the firm is notified in writing by the City of Molalla 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:

- City of Molalla
- Parties designated by the federal or state governments or by City of Molalla as part of an audit quality review process

- Oregon Secretary of State, Audits Division

In addition, the firm shall respond to the inquiries of successor auditors and allow successor auditors to review working papers related to matters of accounting significance and internal control.

h. Assistance to be provided by the City

- Staff will prepare the final closing of the books. Organization name will provide the auditors with a Trial Balance by fund and all the accounting detail necessary to perform the audit.
- Staff will prepare all workpapers requested by the Auditor prior to the start of interim and/or final fieldwork.
- Staff will generate the necessary confirmation letters based on templates provided by the auditors.
- Staff will prepare the draft financial statements and all related schedules and statements deliverable to the auditor during the first week of final audit fieldwork. City Staff will also incorporate any agreed upon edits to the draft to arrive at the final statements.
- Staff will be available during the audit to assist in providing information, documentation and explanations as needed as well as access to the financial system to view records and print reports. All requests will first be directed to the Finance Director.
- Organization name will provide the auditor with reasonable workspace including access to the internet, a telephone line, photocopier, and fax machine.
- The Finance Director will provide the auditor with a signed Representation Letter at the conclusion of the audit.

IV. Proposal Requirements

a. Proposal Requirements

The proposal should address, at a minimum, the information requested in Section IV, subsection (b), Minimum Content of Responses. Responses should be limited to a total of ten (10) pages, excluding the title page, letter of transmittal, and required attachments.

b. Minimum Content of Responses

- I. **Title Page:** A title page showing the firm's name, the date of proposal, point of contacts, business address, telephone numbers, and email addresses.
- II. **Letter of Transmittal:** A signed letter of transmittal briefly stating that the firm submitting the proposal is properly licensed to perform such audits in the State of Oregon, agrees to perform all of the work outlined in the RFP within the established time periods, is independent of the City of Molalla and understands that the firm's proposal is a firm and irrevocable offer through the June 30, 2022 audit period. The letter must also contain a certification that the person signing the proposal is entitled to represent the audit firm, empowered to submit the bid,

and authorized to sign a contract on behalf of the audit firm.

- III. **Firm Qualifications and Experience:** Provide a brief overview of the firm's experience performing municipal audits. Include the results of the audit firm's most recent external quality review, any findings discovered as part of that review and actions taken to correct those findings. The audit firm must also disclose information on the circumstances and status of any disciplinary action taken or pending against the audit firm during the past three (3) years with state regulatory bodies or professional organizations, as well as any pending or settled litigation within the past three (3) years.
- IV. **Experience and Qualifications of Key Personnel:** Identify all key personnel who will be assigned to work on this project including names, CPA license numbers, and Oregon Municipal Audit Roster numbers. Include a brief summary of their background and experience in auditing similar organizations as well as their roles and assigned responsibilities under the proposal.
- V. **Audit Approach and Schedule:** Describe the firm's audit approach and proposed schedule.
- VI. **References:** Provide contact information for three (3) of the firm's current municipal auditing clients in Oregon and two (2) non-current clients served within the last three (3) years. Contact information should include the name of the public agency, name and title of contact person, telephone number, and email address.
- VII. **Proposed Fees for Service:** Provide expected hours required for the fiscal year ending June 30, 2022 and the not to exceed (NTE) price on attachment A. For proposal purposes, provide a NTE price for providing a single audit assuming one major program and assuming the Organization is a low-risk auditee.

Describe the firm's policy on other charges including special requests and special reports or broadening the scope of the engagement and list the audit firm's billing rates for all other applicable professional services.
- VIII. **Differentiators:** Describe what makes your firm different from other firms providing the same service and describe how that will translate to the level of services received.

V. Attachments

Attachment A: Fee Proposal

In accordance with the Request for Proposals for Professional Auditing Services, the firm referenced below submits the following hourly fee quotation and hours proposed for all positions to be assigned to the audit:

Fee for Fiscal Year End June 30, 2022

<i>Key Personnel</i>	<i>F/S Audit Hours</i>	<i>Single Audit Hours</i>	<i>Total Hours</i>	<i>Hourly Rate</i>	<i>Total</i>
Engagement Partner					
Engagement Manager					
Engagement Senior					
Engagement Staff					
Clerical/Support Staff					
Other					

In accordance with the Request for Proposals for Professional Auditing Services the firm referenced below submits the following cost proposal for the term of the contract:

Fee proposal for Fiscal Years Ending June 30th,

	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>
Financial Statement Audit					
Single Audit					
Cost of Supplies and Materials					
Additional Fees (if applicable*)					
Total					

*Technical assistance, as needed, is expected from the audit firm throughout the fiscal year that may include inquiries regarding accounting, reporting and internal control issues. If fees related to this technical assistance are not included in the firm's financial statement audit fee, please include them here.

I hereby certify that the undersigned is authorized to represent the firm stated below, and empowered to submit this bid, and if selected, authorized to sign a contract for the services identified in the RFP.

Firm Name: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Email Address: _____

Attachment B: Personal Service Audit Contract