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City of Junction City, Kansas

REQUEST FOR PROPOSALS  
for AUDITING SERVICES

For the fiscal years ending  
December 31, 2013-2017

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City of Junction City, Kansas

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# REQUEST FOR PROPOSALS AUDITING SERVICES

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## 1. INTRODUCTION

### 1.1. SCOPE

City of Junction City, Kansas, invites qualified certified public accounting firms licensed to practice in Kansas to submit proposals for the provision of those services according to the requirements of this Request for Proposal (RFP).

The purpose of this process is to obtain competitive prices for auditing services for Junction City, Kansas. The audit shall be performed on all funds of the City of Junction City including the following component units: Junction City Library (which hires their own audit firm), Spirit of '76 which is responsible for the management of the Hoover Opera House through August 2013, and Junction City Fireman's Relief Fund.

Single Audit Act requirements will apply because the City will likely receive more than \$500,000 in federal funds annually.

### 1.2. TERM

The selected firm shall be designated as the City's auditor for a five-year period commencing with the FY 2013 (fiscal year ending December 31, 2013) audit and ending with the FY 2017 audit.

Cancellation of services will require a transition period. This transition period will be a minimum period of 3 months under full service terms.

## 2. PROPOSAL PROCEDURES

### 2.1. ANTICIPATED PROPOSAL SCHEDULE

Issue RFP	October 10, 2013
<b>Proposals Due</b>	<b>November 7, 2013, by 3:00 p.m.</b>
Selection Made	Nov. 19, 2013 at City Commission Meeting

### 2.2. INQUIRIES REGARDING THIS REQUEST FOR PROPOSAL

Additional information concerning this RFP may be obtained by contacting:

- Cheryl Beatty, Finance Director (785) 238-3103 ext. 305  
cheryl.beatty@jcks.com

Copies of the last three years of budgets and audits are available on line at [www.junctioncity-ks.gov](http://www.junctioncity-ks.gov) under document center, finance.

## 2.3. PROPOSAL SUBMISSION PACKAGE OVERVIEW

The proposal submission package shall include the following information:

Contact Information  
Transmittal Letter  
Independence and License  
Firm Profile  
Staff Qualifications  
Prior Audit Experience  
Audit Approach Page  
Audit Quality Control  
References  
Fees for Services

## 2.4. SUBMISSION OF PROPOSALS

Four (4) copies of the Proposal Submission Package should be delivered to:

City of Junction City  
Attn: Tyler Ficken, City Clerk  
700 N. Jefferson Street  
P. O. Box 287  
Junction City, KS 66441

**by 3 p.m. on Thursday, November 7, 2013. Proposals should be in a sealed package, clearly marked "Audit Proposal" on the exterior of the package. Proposals received after the specified date and time, or unsealed proposals, WILL NOT BE CONSIDERED.**

An individual who is authorized to bind the firm to all commitments made in the proposal must sign the proposal.

## 2.5. EFFECTIVE PERIOD OF PROPOSALS

All proposals must remain in effect for 90 days after the proposal due date.

## 2.6 EVALUATION AND AWARD CRITERIA

### A. General elements

- The audit firm is independent and licensed to practice in Kansas
- The audit firm has no conflict of interest with regard to any other work performed by the firm for the City.
- The audit firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.

### B. Fees for services

- Provide maximum fee for each annual audit and the fee rate for related services.
- Fee rate will be stated for each component unit for each annual audit.

### C. Technical Qualifications

- The firm's past experience and performance on Kansas municipal audit engagements, including public utilities.

- 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.

**D. Staffing and Procedures**

- Adequacy of proposed staffing plan for various segments of the engagement.
- Adequacy of audit, review, and reporting procedures.

Although price for services will be an important factor in the evaluation of proposals, the City is not required to choose the lowest bidder. Evaluation and acceptance of a proposal will be based on the total package of services offered.

The City Manager, the City Finance Director, and the City Treasurer will review each proposal and conduct interviews. After this review, the City Manager will present a recommendation for consideration by the City Commission.

**2.7. RIGHT OF REJECTION BY CITY OF JUNCTION CITY**

The City reserves the right to award this contract to the accounting firm that best meets the requirements of the RFP, and not necessarily to the lowest bidder. Further, the City reserves the right to reject any or all proposals prior to the execution of the contract, with no penalty to the City.

**GENERAL INFORMATION**

**3.1. BACKGROUND INFORMATION**

The City operates under a five member City Commission-Manager form of government, with day-to-day operations under the supervision of a City Manager. Each elected official serve a four-year term of office with no term limits. Elections are held every other year in odd-numbered years. Three City Commission terms are chosen with each election. The two highest vote recipients receive four-year terms while the third highest vote recipient receives a two-year term. The City Manager is appointed by the Commission and is charged with efficient and effective administration of the City. Junction City has a 2000 Census population of 18,886 and operates as a city of the first class. There are approximately 180 full-time equivalent employees and 40 part-time equivalent employees. The City recognized two local unions for collective bargaining purposes; Police Officer Association and the International Association of Firefighters, Local 3309.

The City operates water, wastewater, storm water, and solid waste utilities. The actual operation of the water and wastewater operations are contracted with Veolia Water based out of Houston, Texas.

City of Junction City offers the following services to its citizens:

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| <ul style="list-style-type: none"> <li>• Law Enforcement</li> <li>• Municipal Court</li> <li>• Planning and Zoning</li> <li>• Cemetery Funding</li> <li>• Street, Bridges and Alleys</li> <li>• Code Enforcement &amp; Building Inspection</li> <li>• Library</li> <li>• Economic Development</li> <li>• City Airport</li> </ul> | <ul style="list-style-type: none"> <li>• Fire Protection</li> <li>• Ambulance Service</li> <li>• Solid Waste Utility</li> <li>• Wastewater Utility</li> <li>• Water Utility</li> <li>• Storm Water Utility</li> <li>• Opera House</li> <li>• Parks &amp; Recreation</li> <li>• Public Golf Course</li> <li>• Skating Rink/Recreation Facility</li> <li>• Community Center</li> </ul> |
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The City's accounting functions are computerized using INCODE software purchased from Tyler Technologies based in Lubbock, Texas. The following accounting functions are computerized with this system: General Ledger and Financial Reporting, Accounts Payable, Utility Billing, Cash Receipts, Miscellaneous Accounts Receivable, and Payroll. The computer system uses a consolidated cash system with disbursements and receipts recorded through one fund not included in the fund structure.

### **3.2. FUND STRUCTURE**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds currently are grouped, in the financial statements, into generic fund types and broad fund categories as follows:

#### **General Fund**

#### **Debt Service Fund**

#### **Grants (current)**

- FAA Airport Improvements
- FEMA – Fire Truck
- Safe Routes to School
- Department of Justice (1)
- Homeland Security-Police Equipment
- KDOT Traffic Control (3)
- KDOT Geometric 2016
- Emergency Shelter Grant
- JAG Grants (2)

#### **Special Revenue Funds**

- Special Highway
- Employee Benefit
- Fire Equipment Reserve
- Capital Improvement
- Drug & Alcohol
- Economic Development

#### **Fiduciary Funds**

- CDBG Revolving Loan Fund

#### **Capital Project Fund**

#### **Enterprise Funds**

- Waste Water Utility
- Water Utility
- Storm Water Utility
- Solid Waste Utility

#### **Agency Funds**

- Payroll Withholdings
- Special Law Enforcement Fund
- Fire Insurance Proceeds

#### **External Component Units**

Library (Uses a different auditor)  
Spirit of '76

### **3.3. BASIS OF ACCOUNTING**

The City follows GAAP, GASB and FASB financial statements and management's discussion and analysis for State and local government basis for accounting. As such, the auditing firm must be knowledgeable on all of the GASB statements, particularly GASB Statement No. 55 in order to ensure the City is following this requirement. Year end cash balance and year end revenue and expenses, however, must be provided by June 15<sup>th</sup> to use, as required, for State required budget forms.

The City follows a fixed asset reporting system. The City has several grants each year. All grants shall be audited for compliance per the Standards for Audit of Governmental organizations, program and function issued by the U. S. General Accounting office; the single Audit Act of 1984 and the provisions of OMB Circular A-128, Audits of State and Local Governments.

## **4. OTHER INFORMATION**

### **4.1. STANDARDS**

The audits are to be performed in accordance with generally accepted auditing practices, the *Kansas Municipal Audit Guide*, and if applicable, the standards set forth for financial audits in GAO's *Government Auditing Standards*, the provisions of the Single Audit Act of 1984 and OMB Circular A-133 and OMB's Compliance Supplement, FASB guidelines, and the AICPA industry audit guide *Audits of State and Local Governmental Units*. The financial statements shall be in accordance with the regulatory reporting model used to show compliance with the State of Kansas the financial reporting model in GASB Statement No. 55. The auditing firm must prepare a Comprehensive Annual Financial Report to meet the requirements of GASB Statement 55 format with limited assistance from the City.

Additionally, the auditor will be responsible for communication and interpretation of any significant changes made in governmental reporting and shall respond to reasonable inquiries by City staff during the contract years.

### **4.2. MANAGEMENT LETTER**

The audit shall communicate in a separate letter to management any reportable conditions found during the audit. S.A.S. 112 and 114 letters will be submitted as appropriate.

### **4.3. WORKING PAPERS**

Audit work papers shall remain in the custody of the auditor. However, any succeeding auditors shall be given access to audit work papers and shall have the right to copy such work papers pertaining to the audit for a period of three (3) years after the expiration of the audit contract. Upon request, the auditor will provide copies of work papers pertaining to any questionable costs or findings determined in the audit and must be made available upon request for examination by authorities of cognizant federal or state agencies or other governmental oversight agencies.

### **4.4. REPORTING**

In completing the audit(s), the following dates will be adhered to, with subsequent years following corresponding dates:

- A. The audit draft, copy of the audit detailed adjusted trial balance and audit adjusting journal entries shall be available for review no later than June 15 each year. The auditor will review the audit draft with City management of the City for each respective audit report before the final report is prepared.
- B. The final audit report and management letters must be completed and delivered to the City no later than July 1 each year. Ten bound copies, one unbound copy and a PDF format copy will be required.
- C. The auditor will have a representative present at a July City Commission meeting to discuss the audits and management letters.
- D. A copy of the audit shall be filed by the Auditor with the following agencies:

- Kansas Department of Administration Division of Accounts and Reports.
- Federal Clearing House and State Grantor Agencies, if applicable, for single audits.

## 5. PROPOSAL REQUIREMENTS

### 5.1. STANDARDS

In order to achieve a uniform review process and to obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified below.

- A. **Contact Information** – The name of the proposing firm, firm address and telephone number, name of a contact person, and a signature and date.
- B. **Letter of Transmittal** – A signed transmittal letter briefly stating the proposers' understanding of the work to be done, why the firm believes itself to be best qualified to perform the engagement, and any other information they consider essential to their proposal.
- C. **Independence and License** – The firm should provide an affirmative statement that it is independent of City's in accordance with the professional standards and ethics promulgated by the AICPA. The firm should also provide an affirmative statement indicating that the firm and all assigned key professional staff are properly licensed to practice in Kansas.
- D. **Firm Profile** – At a minimum, the proposal should state the size of the firm, the size of the firm's governmental audit staff, and the location of the office from which the work on this engagement will be performed.
- E. **Staff Qualifications** – The proposal should describe the qualifications of staff to be assigned to the audit. The description should include the composition of the audit team and prior experience of the individual audit team members. The proposal should include resumes of the individual audit team members.
- F. **Prior Audit Experience** – The proposal should describe prior auditing experience of the proposing office. The experience listing should be limited to the last five years and should include prior experience auditing Kansas municipalities, including solid waste, water, storm water and wastewater utilities, and A-133 audits.
- G. **Audit Approach** – The proposal should set forth a general audit plan, including an explanation of the audit methodology to be followed to perform the services required in the request for proposals. Each proposal should detail the approach to be taken to gain and document an understanding of the City's internal control structures.
- H. **Audit Quality Control** – Briefly describe your firm's quality control and procedures. State whether these policy and procedures have been subjected to a professional "peer review" program to provide for an independent review of their effectiveness. Include a copy of your firms' most recent peer review report and related letter of comments, if applicable.
- I. **References** – The proposal should include at least 3 client references, including contact persons and telephone numbers.
- J. **Fees for Services** – Provide the firm's all-inclusive maximum fee for the requested work in this proposal. Fee proposal must include a breakdown of audit services for City, the Economic Development Board and the Fire Department and Fireman Relief Fund. The audit firm shall be reimbursed for additional audit related expenses only when agreed upon in advance by the City and

firm. Provide your firm's billing rates for all applicable classification of professional personnel. This is requested because the City may require additional services.

Name of Accounting Firm: \_\_\_\_\_

## AUDITING SERVICES PROPOSAL

Proposal Submitted by: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: \_\_\_\_\_

### **Fees for Services:**

	<i>Junction City</i>	<i>If additional charges Single Audit</i>	<i>Total</i>
2013	_____	_____	_____
2014	_____	_____	_____
2015	_____	_____	_____
2016	_____	_____	_____
2017	_____	_____	_____

Fee Rates (please list or attach firms billing rates for individual staff members for partners, managers and staff members).