

## REQUEST FOR PROPOSAL

### ANNUAL INDEPENDENT CPA AUDIT COLLBRAN, COLORADO

#### INTRODUCTION

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

#### A. General Information

The Town of Collbran, Colorado is requesting proposals from qualified certified public accounting firms to audit its financial statements for the year ending December 31, 2021, with the option of auditing its financial statements for each of the subsequent four (4) years. These audits are to be performed in accordance with generally accepted auditing standards, the Colorado Local Government Audit Law, C.R.S. § 29-1-601 *et. Seq.*, and the standards set forth for financial audits by the U.S. Comptroller General and the U.S. Office of Management and Budget (OMB) 2 CFR part 200, subpart F, Audits of State and Local Governments. If a Single Audit is required, the selected firm will be required to complete the submission form that accompanies a Single Audit (Form SF-SAC-Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations).

The audit shall cover all Town funds and any component entities which may exist at the time of the audit. The selected audit firm may also be requested to provide technical expertise in related areas, including taxation, systems implementation and internal control.

The Town is soliciting audit proposals at this time due to the retirement of the previous auditor. Due to the timing of this RFP, the Town has requested an automatic extension of time to file the 12/31/2021 from the Office of the State Auditor and the 12/31/2021 audit must be filed no later than 9/30/2022.

**Any inquiries concerning the request for proposals should be addressed to Melonie Matarozzo - Town Manager at (970) 487-3751 or [townmanager@townofcollbran.us](mailto:townmanager@townofcollbran.us) . This RFP and any addendums or updates will be available at <https://townofcollbran.colorado.gov/bids-and-proposals>**

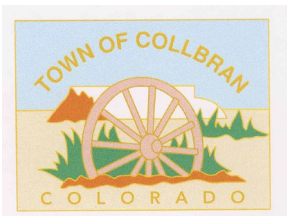
**To be considered, an electronic copy of your proposal must be received by the Town Manager via email: [townmanager@townofcollbran.us](mailto:townmanager@townofcollbran.us) or a hard copy by US mail at Town of Collbran, PO Box 387, Collbran, Colorado, 81624 by 4:00 pm on March 24, 2022.**

During the proposal evaluation process, the Town of Collbran reserves the right, where it may serve the Town of Collbran's best interest, to request additional information or clarification from proposal, or to allow correction of errors and omissions. At the discretion of the Town of Collbran, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Town of Collbran 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 the request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town of Collbran and the firm selected. Proposals submitted, in their entirety, will be considered to be an addendum to the contract.

#### B. Term of Engagement

A five (5) year engagement term is contemplated subject to annual review and recommendation, the satisfactory negotiation of terms (including a price acceptable to both the Town of Collbran and the selected firm), the concurrence of the Town of Collbran and the annual availability of appropriation.



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**NATURE OF SERVICES REQUIRED**

**A. General**

The Town of Collbran is soliciting the services of qualified certified public accounting firms to audit its financial statements for the year ending December 31, 2021 with the option to audit the Town of Collbran's financial statements for each of the subsequent four (4) years. These audits are to be performed in accordance with provisions contained in this request for proposals.

**B. Services**

The Town of Collbran desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles.

The auditor shall also be responsible for performing certain limited procedures involving supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

**C. Auditing Standards to be Followed**

To meet the requirements of this request for proposals the audit shall be performed in accordance with generally accepted audits in the U.S. General Accounting Office's (GAO) Governmental Auditing Standards and the provisions of the federal Single Audit Act and U.S. Office of Management and Budget (OMB) Circular A-128 Audits of State and Local Governments.

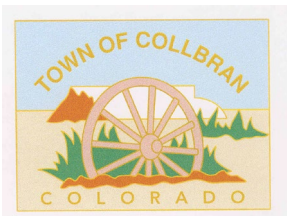
**D. Reports to be Issued**

Following the completion of the audit of the year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements of the Town of Collbran in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. An "in-relation-to" report on the schedule of federal financial assistance if one is required.
5. A report on the internal control structure used in administering federal financial assistance programs if one is required.
6. A report on compliance with laws and regulations related to major and non-major federal assistance programs, if one is required.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit to the Board of Trustees in writing. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize and report data consistent with the assertions of management in the year ending 2021.

Reportable conditions that are also material weaknesses shall be identified as such in the report. The report on compliance shall include all instances of noncompliance.



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Non-reportable conditions discovered by the auditors shall be reported in a separate letter to the Town Manager and Board of Trustees, which shall be referred to in the reports on internal controls. Any changes noted by the auditors that would improve the efficiency of the Town's operations shall be included in a letter to the Town Manager and Board of Trustees.

The auditors shall be required to make an immediate, written report on all irregularities and illegal acts or indications of illegal acts to the Town Manager and the Town Board as well as any required oversight body or grantor.

**E. 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 five (5) years, unless the firm is notified in writing by the Town of Collbran of the need to extend the retention period. The auditor shall be required to make working papers available upon request to the Town of Collbran as part of an audit quality review process.

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

**DESCRIPTION OF THE GOVERNMENT**

**A. Name and Telephone Number of Contact Person**

The Auditor's principal contact with the Town of Collbran will be Melonie Matarozzo, Town Manager (970)-487-3751.

**B. Background Information**

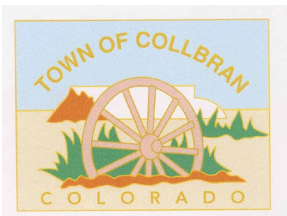
The Town of Collbran is a Statutory Town organized under the laws of the State of Colorado and incorporated in 1908. The policies of the Town of Collbran are established by the State Statutes and through ordinance and resolution by an elected five-person Board of Trustees. The Board of Trustees appoints the Town Clerk, the Town Treasurer and a Town Manager, who functions as the chief operating officer of the Town. The Town Manager also serves as the appointed Town Clerk/Town Treasurer. A Finance Manager is employed to manage the day-to-day accounting functions, including financial and grant reporting. The current Finance Manager has extensive experience in governmental financial accounting and reporting.

The Town provides the following services: public safety, municipal court, building and code enforcement, public works, parks, general government, planning and zoning. The Town also owns and operates enterprise activities which provide water and sewer services. The total annual expenditure budget for the Town is approximately \$2.5 million.

More detailed information on the government and its finances can be found in the 2022 Budget document and/or the General Purpose Financial Statements for the year ended December 31, 2020. These documents may be reviewed on the Town's website <https://townofcollbran.colorado.gov/> or call to request they be sent via e-mail.

**C. Fund Structure**

The Town of Collbran uses the following fund types and account groups in its financial reporting:



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**Fund Type**

General

Conservation Trust Fund

Capital Projects

Enterprise – Water & Sewer

The Town uses Caselle financial accounting software and the modules include accounts payable, utility billing, cash receipts, payroll and general ledger. The Town's fiscal year begins on January 1 and ends on December 31.

**D. Budgetary Basis of Accounting**

The Town of Collbran prepares budgets for governmental fund types on the modified accrual basis of accounting. Budgets for proprietary funds and non-expendable trust funds are prepared on the accrual basis modified to include debt service principal payments and capital expenditures and to exclude depreciation and amortization and adjustments for accrued compensated absences.

**E. Federal and State Financial Assistance**

During the past several years the Town of Collbran has not been required to have a single audit. It is not anticipated that one will be required for 2021 or 2022, although a single audit may be required for future years.

**F. Retirement Plans**

The Town of Collbran participates in Colorado Retirement Association (CRA) & FPPA.

**TIME REQUIREMENT**

**A. Proposal Calendar**

The following is a list of key dates relating to the proposal process:

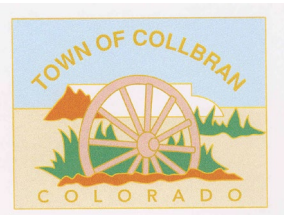
Due date for proposals March 24, 2022.

Approval by Board of Trustees no later than April 19, 2022.

**B. Audit Calendar**

The schedule for audit work, schedules to be provided by the Town of Collbran and report due dates will be mutually agreed upon between the Town of Collbran and the selected firm for the calendar year ended 12/31/2021.

Except for the extension for the audit for the year ended 12/31/2021 (as noted above), the Town intends to fully comply with State requirement that the annual audited financial statements be complete and filed by July 31 each year. All fieldwork must be completed by the auditor and an opinion must be issued by that date. An approximate time schedule for the audit for calendar years ended 12/31/22 or later is as follows:



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Interim fieldwork: as soon as the engagement has been approved. Fieldwork may be performed as agreed upon by auditors and management.

Post-closing fieldwork may begin in March and must be completed by May 15. All audit adjustments must be communicated to the Town Manager by the end of fieldwork. Copies of working papers which support proposed adjustments to the entity's books shall be provided to the Town Manager before the end of post-closing fieldwork.

Draft of the Management Letter and Single Audit reports (if applicable) are due to the Town by May 20. The Final Management Letter and Single Audit reports are due to Town staff by June 1.

The Audit firm's presentation of the audit report to Board of Trustees is anticipated to be made on the first Tuesday in June. Acceptance of the audit by the Council will be considered the third Tuesday in June.

#### **C. Approach to audit**

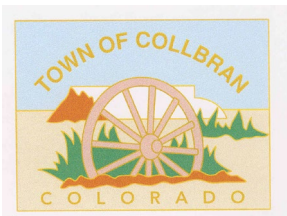
A planning conference will be held between the audit firm and Town staff prior to the start of fieldwork each year. This conference should include the discussion of key audit issues, audit staffing, Town staffing, scheduling and dates for audit work, audit work papers and any other areas of concern by either party. Communication of the status of the audit through periodic meetings or other means during and after the completion of fieldwork is required.

An exit conference will be conducted at the completion of the audit each year to discuss and plan around any problems that occurred during the audit. The firm will clearly express what it needs from the Town and provide the Town with sufficient time to provide materials and data. The firm will have a mechanism for promptly apprising the Town Manager of issues arising during the course of an audit. The firm will advise the Town Manager of compliance comments and recommendations for improvements during the course of performing fieldwork. Compliance comments and recommendations for improvement will be provided to the Town Manager in final form within ten days of notation and must be resolved through discussion with the Town Manager prior to close of field work. Any comments contained in the Management Letter will provide sufficient background, detail and documentation of fact to support each finding and to enable the Town to undertake corrective action without need for further consultation. The Town expects that comments and recommendations contained in the Management Letter will incorporate the reply of Town management for each finding.

#### **ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

The Town of Collbran will be available during the audit to assist the audit firm by providing information, documentation, explanations and agreed upon schedules. The preparation of confirmations will be the responsibility of the auditor. All Town records must remain on site and may not be removed to a remote location, however Town staff will scan and securely email documents as requested.

The Town Treasurer and/or Finance Manager will provide the following items for the audit as well as any other necessary materials:



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1. Updated employee leave accruals carried forward from 1/1 through 12/31
2. Asset inventories
3. Revenue and Expense accruals
4. A balanced year-to-date GL and Trial Balance
5. All banking and investment statements and the related reconciliations for all these accounts for the year including January of the following year
6. All bank statements as of 12/31
7. Cash disbursements and cash receipts journals, files, etc. from 1/1 -12/31
8. Listing of any outstanding AR, AP, and PR taxes payable at 12/31
9. Approved budget as well as supplemental appropriations for the fiscal year
10. The Board Minutes, Ordinances, and Resolutions
11. Insurance policies, agent and all related invoices
12. Copies of any contracts, contract extensions, leases, and notes payable documents
13. Reconciliations for all other balance sheet accounts
14. All Bond documents and related payment schedules for debt
15. Copies of grant documents for grants received/spent during the year, if any
16. Payroll files including state and federal deposits, quarterly and annual reports (W-2's)
17. Description of any significant legal matters and relevant attorney letters
18. Additional information as agreed upon
19. All information required to prepare the Notes to the Financial Statements.

Any other schedules or materials that the Town is requested to provide should be noted in the proposal.

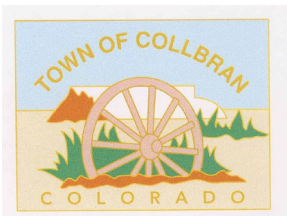
The Town will provide all reasonable assistance to the selected firm and will respond promptly to requests for information and provide all necessary books and records. The Town prefers to provide documents and materials in a secure electronic fashion and conduct the audit remotely, but will provide physical facilities, if needed, for the audit engagement.

### **PROPOSAL REQUIREMENTS**

The following material is required to be received by 5:00 p.m. on March 24, 2022 for a proposing firm to be considered.

I. The proposal for audit services is to include the following:

- a. A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the required time period, a statement why the firm believes they are qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for 45 days.
- b. A description of the firm's overall organization and staff structure. The proposal should state the size of the firm, the location of the office from which the work on this engagement is to be performed and the number and nature of professional staff to be employed on this engagement. The firm is required to submit a copy of the report on its most recent external quality control review included a review of specific governmental engagements. The firm shall also provide information on the result of any federal or state desk or field reviews of its audits within the last



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three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the last three (3) years.

- c. An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Colorado.
- d. The firm should provide an affirmative statement that it is independent of the Town of Collbran as defined by generally accepted auditing standards and the U.S. General Accounting Office's "Government Auditing Standards."
- e. A description of the proposed audit team, their position in the firm, background, education and experience. Audit personnel may be changed at the discretion of the firm, provided that replacements are properly licensed to practice in Colorado and have substantially the same or better qualifications or experience than the audit personnel they are replacing.
- f. Include a description of the firm's recent experience in performing governmental/municipal audits.
- g. References: The firm should include at least three references, with at least two being municipalities where financial and compliance audits have been completed. These may be from among those same municipalities listed in the recent experience section above.
- h. The proposal should set forth a work plan, including an explanation of the audit methodology to be followed. The letter should include philosophy of the firm's audit approach, including approach to the management letter and internal control evaluation.
- i. The firm shall provide proof of workers' compensation insurance as well as proof of professional liability (errors and omissions) insurance of at least one million dollars of coverage.

**BID PRICE**

The bid price of audit services for the year ended December 31, 2021 should contain all pricing information relative to performing the audit engagement 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. Provide one all-inclusive maximum price for the engagement for each of the years 2021, 2022, 2023, 2024, and 2025 with and without a Single Audit. An example of an acceptable cost proposal summary is shown below.

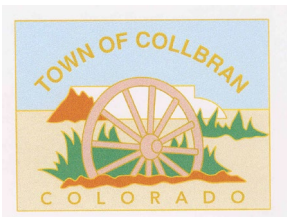
In addition, firms submitting proposals should indicate current billing rates for all staff positions in case it becomes necessary for the Town to request additional services from the selected firm.

Each firm must submit an engagement letter, with the proposal, stating the bid price for performing the 2015 audit. Subsequent year's engagement letters will be based on the terms stated in the Terms of Engagement section cited in the General Information portion of this request for proposal.

The Town will make one progress payment upon completion of fieldwork, and one final payment upon full completion of the audit and submission to the State Auditor's Office.

**EVALUATION CRITERIA**

The selection committee, comprised of Town Board and/or Town staff members, will evaluate the

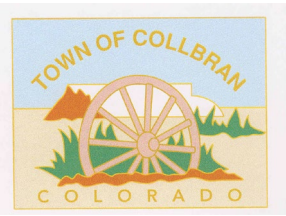


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proposals. During the evaluation process, the selection committee reserves the right to request additional information or clarifications from firms, or to allow correction of errors or omissions. Members of the selection committee will review and rate each proposal based on the following criteria:

1. The firm's compliance with the stated requirements of the RFP.
2. Prior experience in providing auditing services. Selection committee members will review the information submitted, as requested in Section V.
3. Past experience and performance on comparable government contracts.
4. The credentials of the firm's professional personnel to be assigned to the contract and the credentials of the firm's management support personnel to be available for technical consultation.
5. Cost proposal.
6. The Town may request presentations from a list of selected finalists.
6. The Town may request presentations from a list of selected finalists. The Town plans to complete their selection process by mid-April and will apprise all firms of their decision and begin contract preparation with the selected firm.





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**Sample Cost Proposal**

**Cost to provide all services per the Scope of Work:**

	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	
Financial Audit	\$	\$	\$	\$	\$	
Single Audit	\$	\$	\$	\$	\$	
<b>TOTAL</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	