

601 SOUTH 1st STREET PHONE (806) 872-2124 FAX (806) 872-4338

LAMESA, TEXAS 79331

CITY OF LAMESA

REQUEST FOR AUDIT PROPOSALS

**Proposals Due: September 5, 2022 3:00 P.M.**

1. **GENERAL INFORMATION**

The City of Lamesa (the “City”) is requesting proposals from qualified firms of Certified Public Accounts to obtain audit services for performance of the City’s annual financial audit and single audit of state and federal grants for the fiscal year ending September 30, 2022, with the option of auditing its financial statements for each of the two (2) subsequent fiscal years based on satisfactory performance. 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) Government Auditing Standards (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996), and U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Audits of State and Local Governments, and the provisions of the 1994 AICPA Audits of State and Local Governmental Units as well as a the following additional requirements: examination for compliance with procedures established by Charter, Ordinance or, where applicable, State and Federal Laws or regulations, including the Texas Code of Criminal Procedures.

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

Any inquiries concerning the request for proposals should be addressed to Mr. Joe Hines, City Manager, at wchapman@ci.lamesa.tx.us or at 601 South 1st, Lamesa, Texas 79331.

To be considered, Mr. Joe Hines, City Manager, 601 South 1st, Lamesa, TX 79331 must receive a copy of a proposal, by 3:00 p.m. on September 5, 2022. The City reserves the right to reject any or all proposals submitted.

The City reserves the right to request additional information or clarification from proposers, or to allow corrections of errors or omission. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City 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 City and the firm selected.

It is anticipated the selection of a firm will be completed by September 20, 2022. Following the notification of the selected firm, it is expected a contract will be executed between both parties by October 1, 2022.

**Furthermore, the City of Lamesa reserves the right to reject or accept any proposal and award to the most advantageous with best value proposal received.**

**II. NATURE OF SERVICES REQUIRED**

1. **GENERAL**

The City is soliciting the services of qualified firms of Certified Public Accountants to audit its financial statements for the fiscal year ending September 30, 2023, with option to audit the City’s financial statements for each of the two (2) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

1. **SCOPE OF WORK TO BE PERFORMED**

The City 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 City may request the auditor to perform other audits and reviews not specifically provided for. If such a request is made, the auditor shall submit, at the City’s request, a separate proposal for completing the engagement, along with a proposed fee schedule. The City reserves the right to contract any additional audits or reviews with whomever it may choose.

1. **AUDITING STANDARDS TO BE FOLLOWED**

To meet the requirements of the request for proposals, 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. General Accounting Office’s (GAO) Government Auditing Standards the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and the provisions of U. S. Office of Management and Budget (OMB) U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)., Audits of State and Local Governments as well as the following additional requirements:

Examination for compliance with procedures established by City Charter, and Ordinance or, where applicable, State and Federal laws or regulations, including the Texas Code of Criminal Procedures; and

Standards set forth in the government Finance Officers Association’s (GFOA) Governmental Accounting, Auditing and Financial Reporting and standards for the GFOA’s Certificate for achievement for Excellence in Financial Reporting program.

1. **REPORTS TO BE ISSUED**

Following the completion of the audit of the fiscal year’s financial statements the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with general 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.

In the required report on internal control, the auditor shall communicate any reportable conditions found during the audit. 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 financial data consistent with the assertion of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in the separate letter to management, which shall be referred to in the reports on internal controls.

1. A report on compliance with applicable laws and regulations.

The report on compliance shall include all material instances of noncompliance. All non-material instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.

1. Reports required by OMB Uniform Guidance, if required.
	* Report on the status of internal controls relative to the financial statements and major programs.
	* Compliance report that describes the degree to which the recipient has complied with laws, regulations, and the terms and conditions of the federal assistance awards.
	* Schedule of findings and questioned costs.
	* List of major programs using the required risk-based methodology
	* Determination concerning federal programs as to whether the recipient of the federal award is a “high risk” or “low risk”.

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 Finance Director and the City Manager.

**SPECIAL CONSIDERATIONS**

The City may send it comprehensive annual financial report to the government Finance Officers Association of the United Stated and Canada for review in their Certificate of Achievement for Excellence in financial Reporting program. It is anticipated that the auditor will be required to provide some assistance to the City to meet the requirements of that program. It is important that the auditor be familiar with the Comprehensive Annual Financial Report (CAFR) program.

1. **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 City 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 Lamesa; federal grant agencies and other federal agencies; State of Texas grant agencies and other State of Texas agencies; and auditors of entities of which the City is sub-recipient of grant funds.

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.

**III. DESCRIPTION OF THE GOVERNMENT**

* + - 1. **NAME AND TELEPHONE NUMBER OF CONTACT**

The auditor’s principal contact with the city will be Mr. Joe Hines, City Manager, or designated representative, who will coordinate the assistance to be provided by the city to the auditor. The telephone number for the City is 806-872-4321.

* + - 1. **BACKGROUND INFORMATION**

The City operates under the City Council/Manager form of government as established by its charter. There is one Assistant City Managers as well as various department heads.

The city serves an area of 7.5 square miles with an estimated population of 8,524. The City’s fiscal year begins on October 1st and ends on September 30th.

The City provides the following services to its citizens: public safety, public works, parks and recreation, water and sewer utilities, solid waste landfill/collection operations and general administrative services.

The city had a total payroll of $ 3,766,108 covering 86 employees at September 30, 2022.

The accounting and financial reporting functions of the City are centralized.

* + - 1. **FUND STRUCTURE**

The City used the following fund types in its financial reporting for the fiscal year ending September 30, 2022:

General Fund\*

Special Revenue Fund

Debt Service Fund\*

Capital Projects Fund\*

Enterprise Utility Fund\*

Agency Fund

General Fixed Assets Account Group

General Long-Term Debt Account Group

**\*Funds with legally adopted annual budgets.**

* + - 1. **BUDGETARY BASIS OF ACCOUNTING**

All City of Lamesa funds are kept on a modified accrual basis on the General Fund and Accrual basis on the Enterprise Fund.

* + - 1. **FEDERAL AND STATE FINANCIAL ASSISTANCE**

During the fiscal year 2021-2022, the City of Lamesa expects to receive funds from the following:

1. Texas Department of Agriculture CDBG $315,000.00
2. Housing Authority- Section 8 $456,947.00
	* + 1. **THE CITY PARTICIPATES IN THE FOLLOWING PENSION PLAN:**

Texas Municipal Retirement System

I.C.M.A. 401 (k)

* + - 1. **COMPONENT UNITS**

The financial reporting entity includes all the funds and account groups of the primary government. The City of Lamesa has two component units: Lamesa Economic Development Corporation (LEDC) and Lamesa Economic Alliance Project (LEAP). LEDC and LEAP currently have a fiscal year the same as the City’s fiscal year and is audited independently from the City.

* + - 1. **MAGNITUDE OF FINANCE OPERATIONS**

Mr. Wayne Chapman –Assistant City Manager/Finance Director

Accounts Payable Clerk- Mrs. Jessica Ramon

I **COMPUTER SYSTEMS**

The Finance Department uses personal computers that are networked with a server. The City’s financial and accounting records are maintained on the INCODE Invision software application by Tyler technologies.

1. **AVAILABILITY OF PRIOR AUDIT REPORTS AND WORKING PAPERS**

The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

**IV.** TIME REQUIREMENTS

1. **PROPOSAL CALENDAR**

The following is a list of key dates up to and including the date proposals are due to be submitted:

September 5, 2022 Due date for proposals

1. **NOTIFICATION AND CONTRACT DATES**

September 20, 2022 Selected firm notified

October 1, 2022 Contract finalized

1. **SCHEDULE FOR THE 2021-2022 FISCAL YEAR AUDIT** (A similar schedule will be developed for audits of future fiscal years if the city exercises its option for additional audits.)
2. Detailed Audit Plan

The Auditor shall provide the City by September 15 a detailed audit plan and a list of all schedules to be prepared by the City.

1. Fieldwork

The auditor should begin fieldwork no earlier than November 1st and complete all fieldwork by December 31st.

1. Draft Reports

The auditor shall have drafts of the audit reports and recommendations to management available for review by the City Manager by January 31, 2023.

**D. FINAL REPORTS DUE DATES**

The final reports are due on or before February 28, 2023.

**V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

 **A. FINANCE DEPARTMENT ASSISTANCE**

The Finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanation. The preparation of confirmations will be the responsibility of the City- submitted documents may be either in Microsoft Excel spreadsheet or PDF form.

1. **WORK AREA, TELEPHONES, INTERNET, PHOTOCOPYING, AND FAX MACHINES**

The City will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to a telephone, the internet, photocopying facilities and a FAX machine.

1. **REPORT PREPARATION**

Audit reports are to be addressed to the Honorable Mayor and the City Council, City of Lamesa, Texas. Twenty-five (25) copies of the audit are to be furnished to the City.

**VI. PROPOSAL REQUIREMENTS**

1. **GENERAL REQUIREMENTS**
2. Inquiries concerning the request for proposals should be made in writing to:

City of Lamesa

Mr. Joe Hines

City Manager

Lamesa, Texas 79331

wchapman@ci.lamesa.tx.us

1. The following material is required to be received by 3 p.m. on Monday, September 5, 2022 for a proposing firm to be considered.
2. Copy of the Technical Proposal to include the following:
3. Title Page – should state that the document is a proposal for auditing services; the firm’s name; the name, address and telephone number of a contact person and the date of the proposal.
4. Table of contents – including a clear identification of the material by section and by page number.
5. Signed transmittal letter – (limit to three pages) briefly stating the proposer’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 a best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for 90 days.
6. Detailed Proposal – should follow the order set forth in
7. Section VI. B of this request for proposals.
8. The proposer shall submit a proposal of the cost of the audit in a separate sealed envelope marked as follows:

**SEALED COST PROPOSAL**

**FOR**

**THE CITY OF LAMESA**

**FOR**

**PROFESSIONAL AUDITING SERVICES**

**September 5, 2022**

1. Proposers should send the completed proposal to the following address:

City of Lamesa

Mr. Joe Hines, City Manager

601 South 1st

Lamesa, Texas 79331

1. **TECHNICAL PROPOSAL**
2. **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 City 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 firms 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.

**THERE SHOULD BE NO COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.**

The technical proposal should address all the points outlined in the request for proposals. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer’s capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items 2 through 6 must be included. They represent the criteria against which the proposal will be evaluated.

1. **INDEPENDENCE**

The firm should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards and the U.S. General Accounting Office’s Government Auditing Standards (1994).

1. **LICENSE TO PRACTICE IN TEXAS**

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Texas.

1. **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 professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basic.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past 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 past three (3) years with state regulatory bodies or professional organizations.

1. **PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE**

The firm should identify the principal supervisory and management staff, including engagement partners, 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 Texas. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement would be assured.

Audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience. The City must be notified, in writing, within 15 days of this change and must include the relevant experience of the new personnel.

1. **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 3) performed in the last five years that are similar to the engagement described in this request for proposals. Please also include a contact name for each entity.

1. **SEALED COST PROPOSAL**
2. **TOTAL ALL-INCLUSIVE MAXIMUM PRICE**

The sealed cost proposal should 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 in direct costs.

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed cost proposal. Such costs should not be included in the proposal.

The first page of the sealed cost proposal should include the following information:

1. Name of Firm
2. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the City of Lamesa
3. A Total All-Inclusive Maximum Price for the fiscal year ending September 30, 2023 and subsequent 2 additional years.
4. **RATES FOR ADDITIONAL PROFESSIONAL SERVICES**

Should it become necessary for the City to request the auditor to render any additional services to either supplement the services requested in the request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, such additional work shall performed only if set forth in an addendum to the contract between the City and the Firm. Any such additional work agreed to between the city and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed cost proposal.

1. **MANNER OF PAYMENT**

Progress payments will be made on the basis of hours of work completed during the course of the engagement incurred in accordance with the firm’s cost proposal.

**VII. EVALUATION PROCEDURES AND SELECTION PROCESS**

 **A. PROPOSAL EVALUATION**

Proposals will be evaluated to ascertain which proposal best meets the needs of the City. Interviews may be arranged to assist in making the final selection.

Evaluation considerations will include, but not be limited to, the following:

1. Prior experience of the firm and staff in the auditing of governmental agencies.
2. Demonstrated competence and qualifications of staff directly related to the audit.
3. Organizational size/structure of the firm.
4. Firm’s understanding of the work to be performed; overall supervision of the audit.
5. Experience with the CAFR.
6. **PROPOSAL SELECTION PROCESS**

Proposals will be reviewed by the City Manager, Finance Director, and City Council. The Audit firm will be selected by the City Council.