

**City of Bay City**  
**Police & Fire Retirement System**  
**Request for Proposals**  
**Annual Financial Audit**

The City of Bay City Police & Fire Retirement System (the "Retirement System") is seeking qualified accounting firms to submit sealed proposals for the purpose of retaining independent public accountants licensed to practice in the State of Michigan to conduct an annual audit of the financial accounts and records of the Retirement System. This request is to perform all work necessary and incidental to the tasks listed in this document (see scope of services for further detail). The City of Bay City Police & Fire Retirement System shall not be obligated to accept the lowest priced proposal, but will make an award to the firm it believes is in the best interest of the Retirement System after all factors have been evaluated.

Questions regarding this bid solicitation should be directed to: Angela Willsie, System Administrator, City of Bay City, 301 Washington Avenue, Bay City, MI 48708. Voice 989-894-8133 or Fax 989-894-8219. Communication regarding this solicitation with other personnel in the City may result in your firm being declared ineligible to participate.

Proposals shall be submitted in an envelope or container clearly labeled "City of Bay City Police & Fire Retirement System Annual Financial Audit" and delivered to the Finance Department, Room 313, 301 Washington Avenue, Bay City, MI 48708 **on or before 5:00 P.M., January 23, 2020**. Proposals will not be accepted by telephone or facsimile machine.

All costs directly or indirectly related to preparation of a response to the solicitation, any oral presentations required to supplement and/or clarify a proposal, and/or reasonable demonstrations which may be, at its discretion, required by the Retirement System shall be the sole responsibility of the Firm submitting a proposal.

**THE CITY OF BAY CITY POLICE & FIRE RETIREMENT SYSTEM RESERVES THE RIGHT TO REJECT ANY OR ALL PROPOSALS, WAIVE TECHNICALITIES AND MAKE THE AWARD IN THE BEST INTEREST OF THE RETIREMENT SYSTEM.**

**General Information**

The City of Bay City Police & Fire Retirement System has assets of approximately \$53 million. It is a single employer defined benefit pension plan established under the Charter of the City of Bay City and has a five member Board of Trustees. The Retirement System is considered part of the City of Bay City financial reporting entity and is included in the City's financial report as a pension trust fund.

**Description of Records**

The Retirement System maintains its general accounting records in accordance with generally accepted accounting practices for State and Local Governments. All accounting records are maintained in-house, using a New World computer system.

## **Scope of Services**

Required services consist of an examination of the Retirement System's financial records. The examination is to be performed in accordance with generally accepted auditing standards, and Government Auditing Standards as prescribed by the Comptroller General of the United States and in accordance with Michigan Public Act 2 of 1968. It shall also be in accordance with applicable Governmental Accounting Standards Board (GASB) pronouncements and publications.

The audit engagement period shall cover the period beginning with the fiscal year ending June 30, 2020 and conclude with the fiscal year ending June 30, 2025 (six years).

At the conclusion of the audit, a management letter shall be prepared with recommendations for improving internal accounting controls. In addition, a senior representative of the accounting firm shall meet with management and appear before the Board of Trustees to discuss the findings of the resulting audit, report on compliance and internal control and provide recommendations for improving the Retirement System's methods of internal control.

In addition, the following will be required:

- A. A senior member will be available for consultation to the Retirement System regarding the preparation of the financial statements and answer any questions pertaining to any GASB pronouncements and any necessary disclosures.
- B. The financial records for the fiscal year ended June 30, 2020 are expected to be available by October 1, 2020, however, due to timing and receipt of information some adjustments may be necessary after this date. A final trial balance will be provided on or about October 15, 2020. A similar timeframe is expected for each of the subsequent fiscal years. All efforts will be made to provide information as soon as it is available.
- C. Throughout the course of the engagement period the accounting firm shall provide telephone support at no additional cost to the Retirement System, for general consultation, regarding financial accounting and reporting issues as relating to the scope of services of this bid solicitation.
- D. The auditor should also be familiar with and prepared to advise City staff on how best to implement both current and proposed GASB statements. In addition, the auditor is also expected to provide informal advice and consultation throughout the year on matters relating to accounting and financial reporting for the Retirement System. This would not necessarily include any task that entails significant research or a formal report.
- E. If deemed necessary by the Retirement System, all work shall be performed on site and staff must be available for face to face discussions, especially at critical deadlines so as not to hold up the completion of the Financial Report.
- F. The Retirement System reserves the right to post the audited financial statements on the City's website.
- G. The work papers shall be retained, at the auditor's expense, and made available upon request of the Retirement System for no less than five years from the date of the audit report.
- H. Should circumstances arise during the audit, that require significant additional work to be performed in excess of the amounts set forth in the contract, additional costs shall be

negotiated prior to commencement of the work and an amended contract must be submitted to the Retirement System for approval.

The Board of Trustees reserves the right to terminate the contract for the audit at any time. Should a State or Federal Agency or the Board of Trustees reject the audit as deficient, the Board may withhold payment for services until the deficiency is corrected.

### **Selection Criteria**

Selection of the firm will be based upon the following:

1. Responsiveness to terms and conditions and the completeness and thoroughness of the written proposal to the purpose and scope of services.
2. Experience providing similar governmental audit services based on reference of former and/or current clients.
3. Demonstrated experience by key personnel performing governmental financial audits and successful strategies for the same. Include names, specific references and courses successfully completed by members of the accounting team that will be assigned to this engagement.
4. Fee structure –Quote fees on an all inclusive basis as a not to exceed amount. In addition, provide an hourly rate for potential additional services not contained within this proposal.

The Retirement System may invite the responding firms to make a presentation regarding the scope of work. It will be expected that the individuals who will actually perform the proposed scope of work will be in attendance as it is important to evaluate the interaction with City Staff.

During the evaluation process, the responding firms will be rated on the following categories:

- Grasp of Project Requirements
- Key Personnel and Roles
- Pertinent Experience
- Approach to Engagement
- References
- Compensation

The Retirement System shall not be obligated to accept the lowest priced proposal, but will make an award in the best interests of the System after all factors have been evaluated. The Firm selected will enter into a Professional Service Agreement with the Retirement System.

## **Required Components of the Proposal for Services**

In order to simplify the evaluation process and obtain maximum comparability, the Retirement System requires all accounting firms to submit proposals in the following format. Any deviation from this format may result in disqualification of the proposal. The Firm is required to submit one (1) electronic copy and seven (7) hard copies of their proposal. All hard copy proposals shall be submitted in black ink on 8 ½ X 11 paper, properly signed by the proposer or authorized legal agent. The City of Bay City Police & Fire Retirement System is not interested in elaborate design of proposal but is more interested in content and clarity.

### A. Title page

- RFP Project Title.
- Name of Proposer Firm including address, telephone number, e-mail address and web address, if available, of the firm.
- Name of contact person.
- Date of submission.

### B. Letter of Transmittal (not to exceed 2 pages)

- Briefly state the proposer's understanding of the work to be done and make a positive commitment to complete all work and deliver all reports within the required time period.
- Specify an all inclusive fixed fee for which the work is to be performed for each engagement year. The period that the proposal is effective (non-rescindable) should also be disclosed.
- The letter must be signed by an individual authorized to contractually bind the firm.

### C. Table of Contents

- Include a clear identification of the materials by section and by page number.

### D. Professional Experience

- Describe the firm's experience with local government finance during the past five years including the successful completion of audits of other retirement systems within the State of Michigan of similar size and makeup.
- Identify the location of the office from which the work is to be done and the number of professional staff, by staff level employed at that office.
- Identify the specific individuals that will be assigned to the City of Bay City Police & Fire Retirement System and provide copies of their resumes. Resumes must identify the specific municipal education, training, and experience of the staff assigned to the Retirement System's audit. Please ensure that any staff

assigned to the Retirement System's audit has a minimum of 2 years experience in municipal finance.

- Describe the firm's participation in professionally sponsored quality control review programs and provide a copy of the peer review letter.
- Describe the experience with governmental audits including staff's education and training specific to the local office which will be providing the service to the Retirement System. In addition, provide the names of at least three (3) comparable clients (preferably retirement systems) who are similar in size and makeup to the City of Bay City Police & Fire Retirement System for which you have performed a financial audit.
- Provide the names (including the name of an individual to contact), addresses, and telephone numbers of at least three (3) comparable client references (preferably retirement systems similar in size and makeup), whom the Retirement System may contact. Describe the services provided to these clients and the number of years of engagement. The services must have been completed within the last five years.
- Provide a statement describing any litigation against your audit firm within the last three years.
- Provide a list of any audit clients that your firm has lost in the last three years.

#### E. Approach to Engagement

- State the proposer's understanding of the services to be performed and the work products to be delivered.
- Submit a proposed work plan, including a timeline, to accomplish the required services for the fiscal period ended June 30, 2020 and subsequent years of the contract, within the required time frame. The work plan must include time estimates for each major component including a brief discussion of the procedures to be employed in each major component.
- Provide a description of what services, if any, that the accounting firm would provide to the Retirement System at no additional cost in relation to the financial audit and the incorporation of any new GASB pronouncements .

#### F. Compensation

- State the total number of hours and hourly rate required by staff classification.
- The proposal must include a fixed fee, inclusive of all travel, clerical, printing, administrative and overhead expenses for the engagement period, for each of the following:
  1. The financial audit in accordance with the specifications outlines herein, and
  2. An alternate fee for the financial audit in accordance with the specifications outlines herein, as well as, the preparation of the financial statements for each of the six fiscal years ending June 30, 2020 through June 30, 2025. The financial statements, must be completed and submitted to the Retirement System by November 1<sup>st</sup> of each fiscal year

for the City to review and incorporate into the City's financial report. The auditing firm must supply 15 copies of the Retirement System's annual financial report.

The Retirement System reserves the right to select which option they prefer for each of the fiscal years within the contract.

- In addition, provide an hourly rate for any potential additional services that may be needed which are not contained in this proposal.
- The proposed fee must include any additional costs associated with the requirements of any new GASB pronouncements.
- State clearly in your proposal the basis for fees so that relevant comparison can be made between proposals.

#### G. Additional Information

- Please describe the indemnification and liability insurance that you provide, if any, to protect your clients.
- Provide additional information, not specifically requested previously, considered necessary for fair evaluation of the proposal.