

**REQUEST FOR PROPOSALS  
INDEPENDENT AUDIT SERVICES  
LEE, NEW HAMPSHIRE**

**A. INTRODUCTION**

The Town of Lee, NH, requests qualified independent Certified Public Accountants to present proposals to perform financial audits for a three year period commencing with the audit of the fiscal year ending June 30, 2019 in accordance with generally accepted auditing standards as set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of the federal Single Audit Act, US Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Governments, and the specifications listed below.

**B. GENERAL INFORMATION**

The Town of Lee (pop. 4,422) has a FY19 operating budget of approximately \$4,065,766 and a Capital Improvement Project budget of \$876,410. The Town uses the following fund types: General, Special Revenue, Capital Projects, Trust and Agency Funds as well as General Long-Term Debt Account Groups. Lee employs 24 full-time, 16 regular part-time, and several on-call firefighters.

The Finance Office utilizes Tyler Technologies' Infinite Visions financial software. The Town Clerk/Tax Collector uses Avitar and Interware. The following records are maintained on the Town's automated accounting information system (Tyler):

- a. General ledger
- b. Budgetary
- c. Accounts payable
- d. Accounts Receivable
- e. Payroll

The Town operates on a July 1 – June 30 fiscal year basis. The base year to be audited will be the fiscal year ending June 30, 2019. The Town is also interested in a multi-year proposal, which would include the fiscal years ending June 30, 2020 and 2021. Audit services for future years are subject to annual review and will be dependent on satisfactory completion of the prior year's audit.

The most recent audit of the Town was performed by Vachon Clukay & Company PC for the fiscal year ended June 30, 2018.

Questions concerning this request should be directed to:

Julie Glover, Town Administrator  
Town of Lee  
7 Mast Road  
Lee, NH 03861

Phone - 603-659-5414  
E-mail – townadministrator@leenh.org

The Town reserves the right to negotiate with the successful Proposer for an extension of the professional relationship beyond the initial three-year contract period.

## **C. PROPOSAL FILING AND REVIEW PROCESS**

Sealed proposals shall be mailed or delivered to the Town Administrator at the address listed above on or before **2:00 p.m. on June 12, 2019**. Faxed or email proposals will not be accepted.

Proposals shall be submitted in a sealed envelope, addressed to the Town of Lee at the above address, bearing on the outside the name of the Proposer and clearly captioned "**Proposal for Audit Services.**" Proposals will become part of the Town's files without obligation on the Town's part.

Awards shall be made on the basis of the proposal that, in the opinion of the Town, is in the best interest of the Town and any award made will be made to the firm, which, in the opinion of the Town, is best qualified. The Town reserves the right to reject any and all proposals.

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

### **REVIEW CRITERIA**

Review of all proposals will include but not be limited to an assessment of the responsiveness of the proposal to the criteria set forth herein and to professional standards by clearly stating an understanding of the work to be performed. Examples of such include but are not limited to the following:

1. Samples of work and reports furnished.
2. Appropriateness and adequacy of proposed procedures.
3. Orderliness of presentation for ease of comprehension.
4. Necessity of procedures.
5. Reasonableness of time estimates.
6. Appropriateness of assigned staff levels.
7. Timeliness of expected completion.
8. An assessment of the technical experience of the firm and qualifications of the staff.

### **THE PROPOSAL ELEMENTS**

The Proposal shall:

- a. List the location of office out of which the audit will be served;
- b. Identify the size of the Proposer's firm and its experience with municipal government agencies in matters pertaining to financial audits
- c. Name a minimum of three (3) references of New Hampshire municipalities previously served;
- d. Include a program and schedule of audit activities to be conducted, estimated number of hours and a resume and time schedule of personnel expected to service the account;
- e. Identify and list the experience and qualifications of staff to be assigned to the audit;
- f. State the maximum fee for which the audit services will be performed for each of the three (3) fiscal years starting with FY 2019. The fee shall include all costs for which the firm

expects to be compensated. This statement shall include the payment terms and discount features, if any. Payment terms to stipulate that final payment is not due until after all reports have been delivered to and accepted by the Town. Any fee proposal selected shall be on a not-to-exceed basis;

- g. Be signed by an official authorized to bind the firm;
- h. Specifically note any exceptions to the RFP of the service to be provided by the firm, and/or any service to be provided by the firm not mentioned in the RFP;
- i. Include an affirmative statement that it is independent of the Town of Lee as defined by generally accepted accounting standards.

#### **D. AUDIT**

**Scope:** The audit will include the balance sheets of the Town's various fund types and account groups and the related statements of revenues, expenditures, and changes in fund balance for the year ended. The audit will be made in accordance with generally accepted auditing standards and will include tests of the accounting records of the Town. The combining individual fund and account group financial statements and schedules will be subject to the auditing procedures applied to the combined financial statements.

Procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected customers, creditors, and banks.

Auditor will be expected to retain for a minimum of three (3) years all working papers and other materials created, used, or obtained during the performance of their audit services. Such retention will be at the auditor's expense and with the expectation of responding to the reasonable inquiries of successor auditors. The selected auditor will be required to make retained materials available upon request of the Town of Lee.

The Town views its engagement of an audit firm as an ongoing professional relationship in which the firm is expected to:

- Be available for consultation phone or email inquiries during course of year. The proposal shall specify any limitations and additional charges, if any, for such services and the basis on which they accrue;
- Advise and inform through the term of the agreement on questions, practices and procedures for handling various accounting activities; and
- Advise the Town of any significant changes in governmental accounting procedures, as they become aware of them as they may materially affect the financial statements and accounting procedures.

#### ***Reports to be Issued:***

1. A report on the fair presentation of the financial statements in conformity with the most recently adopted generally accepted accounting principles (GAAP) as interpreted by the Government Accounting Standards Board (GASB), NH Department of Revenue Administration rules Rev 1700 and Rev 1900, and any other appropriate governmental measure. The selected auditor will be responsible for insuring acceptance of the final audit report by state and/or federal agencies.
2. A Single Audit report on the schedule of federal financial assistance, if necessary (highly unlikely.)

3. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
4. A report on compliance with applicable laws, regulations and internal practices and areas for strengthening internal controls and operating efficiencies.
5. Completion of the "Annual City/Town Financial Report" (MS-5) for submission to the NH Department of Revenue Administration.
6. Final, unqualified auditor's reports, or if qualified, specify why, and General Purposes Financial Statements with supporting schedules (10 copies, 8 ½ X 11")
7. Management Letters (8 copies, 8 ½ X 11");
8. One complete copy in media format.

Draft copies of the reports mentioned in this section must be presented to the Town for its review and comment **no later than two weeks prior to the anticipated issuance of the final report**. At the conclusion of the audit, an exit conference will be held with the Town Administrator and Finance Officer to review any adjusting entries to be made and any findings and/or recommendations arising from that year's audit;

The final report shall be completed before the 1<sup>st</sup> of December following the close of the fiscal year being audited. **It is imperative that this deadline be met, as the inclusion of audited financial statements in the Annual Town Report is mandatory and time sensitive. An inability to meet this deadline may be grounds for termination of the contract for any subsequent years.**

***Nature of Town's Assistance to Auditor during Audit:***

Town staff agrees to render all feasible assistance to the audit firm and shall respond promptly to requests for information, provide all necessary books and records, and provide physical facilities required by the firm for the expeditious conduct of the engagement.

The Town will designate the Finance Officer as the audit engagement coordinator to work directly with the Auditor. The engagement coordinator will have responsibilities for the following:

1. Primary contact for questions, securing information, and other pending issues between the Auditor and the Town on items related to the financial statements.
2. Receiving initial draft copies and re-drafted copies of the financial statements, management letter and internal control letter from the Auditor and circulating drafts to the Town Administrator.
3. Coordinating meetings with Auditor and Department Heads, Commissions, etc. as required.
4. Monitoring and reviewing the progress reports from the Auditor.
5. Helping to resolve issues with the Auditor not related directly to financial statements.