

REQUEST FOR QUALIFICATIONS

I. INTRODUCTION

A. General Information

The City of Sinton (the "City") is requesting qualifications from firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2016 with the option to audit the financial statements for each of the four (4) subsequent fiscal years. These audits should be performed in accordance with generally accepted auditing standards, the U.S. General Accounting Office's (GAO) Government Auditing Standards, and Audits of State and Local Governments.

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

Any inquiries concerning the request for proposal should be addressed to Sally Oelrich, Finance Director, 301 E. Market St. Sinton, Texas 78387 or by calling (361) 364-2381.

To be considered, three (3) copies of the proposal must be received by the Finance Director at 301 E. Market St. Sinton, Texas by 2:00 p.m. on August 5, 2016. The City reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the City Administrator and the City Finance Director.

During the evaluation process, the City reserves the right, where it may serve the City's best interest, to request additional information or clarification from the proposers, or to allow corrections of errors or omissions.

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 proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

B. Term of Engagement

A one (1) year contract is contemplated, subject to the satisfactory performance, the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), the annual review and recommendations of the City Council and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The City is soliciting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2016 with the option to audit the City's financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposal.

B. Scope of Work to Be Performed

The auditor shall express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

The auditor shall conduct an audit of the financial statements in accordance with generally accepted auditing standards.

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

C. 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 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.

In the required report(s) on internal controls, 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 assertions 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 auditor shall be reported in a separate letter to management, which shall be referred to in the report(s) on internal controls.

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

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 following parties:

The City Manager
The Finance Director
The City Mayor

Auditors shall present the final audit to the City Council at a regular Council Meeting no later than March.

D. 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:

1. The City of Sinton
2. U.S. General Accounting Office (GAO)
3. Parties designated by the Federal or State Government

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

A. Background Information

The City of Sinton was incorporated in 1916 under the provisions of the State of Texas. The City operates under a Home Rule Charter and provides the following services as authorized: public safety (police), fire, EMS, RV park, streets, water and wastewater, parks, library, public improvements, planning and zoning, and general administrative services.

Sinton serves a population of approximately 6000. The City is located San Patricio County. City Hall is located at 301 E. Market St., Sinton, TX 78387.

The government of Sinton is composed of five Council Members all determined by City elections held in May of each year. The Mayor is selected annually amongst the councilmembers.

Sinton's FY 15-16 General Fund budget totaled \$3,846,578. The Utility Fund totaled \$1,763,641.

B. Fund Structure

The City uses the following fund types in its financial reporting:

Governmental Fund Types

General
Utility
Debt Service
Special Revenue

C. Budgetary Basis of Accounting

The City prepares its budget on a basis consistent with generally accepted accounting principles.

D. Pension Plans

The City is a member of the Texas Municipal Retirement System.

E. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Sally Oelrich, Finance Director, 301 E. Market St. Sinton, Texas 78387 or by calling (361) 364-2381.

III. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. City Staff Assistance

The auditor's principal contact with the City will be the Finance Director. The Finance Director and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanation. The preparation of confirmations, routine letters and memorandums will be the responsibility of the auditor.

B. Statements and Schedules to be Prepared by the Finance Director

The Finance Director will prepare necessary prepared by client (PBC's) working papers normally required for the annual audit. All working papers to be prepared by the City must be submitted, by written list, to the Finance Director by September 1, of each year.

C. Service Furnished to the Auditor

The City shall provide the space and facilities necessary for the Auditor to conduct the examination. In addition, all information, data, reports, and records necessary for carrying out the work shall be furnished to the Auditor without charge, and the City shall cooperate with the Auditor in every reasonable way to ensure timely completion of the audit.

D. Report Preparation

Report preparation and editing shall be the responsibility of the auditor.

V. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquires concerning the request for proposal and the subject of the request for proposal must be made to:

Sally Oelrich
Finance Director
301 E. Market St.
Sinton, Texas 78387
(361) 364-2381.

2. The following material is required to be received by the City for a proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and two (2) copies to include the following:

- i. Title Page

Title page showing the request for proposals' subject; the firm's name; the name, address, and telephone number of a contact person; and the date of the proposal.

- ii. Table of Contents

- iii. Transmittal Letter

A signed letter of transmittal briefly stating 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 the best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for conducting the audit as described.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section V, Subsection B – Qualifications Statement of this request for proposal.

v. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposal (Appendix B and Appendix C)

- b. The proposer shall submit an original and two (2) copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID PROPOSAL FOR THE CITY OF SINTON FOR PROFESSIONAL AUDITING SERVICES.

- c. Proposer should mail or deliver the completed proposal consisting of the two separate envelopes (one for proposals and one for dollar cost) to the following address:

Sally Oelrich
Finance Director
301 E. Market St.
Sinton, Texas 78387

B. Qualifications Statement

1. General Requirements

The purpose of the qualifications statement is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Sinton in conformity with the requirements of this request for proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The qualifications statement should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

THERE SHOULD BE NO DOLLOR UNITS OR TOTAL COSTS INCLUDED IN THE QUALIFICATIONS STATEMENT DOCUMENT.

The qualifications statement should address all the points outlined in the request for proposal (excluding any cost information which should only be included in the sealed dollar cost bid). 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 proposal. While additional data may be presented, the following subjects: Nos. 2 through 4 must be included. They represent the criteria against which the proposal will be evaluated.

2. 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 (1988).

The firm should also list and describe the firm's (or proposed subcontractors) professional relationships involving the City for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit, if applicable.

In addition, the firm shall give the City written notice of any potentially conflicting professional relationships entered into during the period of this agreement.

3. 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.

4. 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 the engagement is to be performed, the number of years experience in governmental auditing of the staff to be so employed, and a list with names and phone numbers of five (5) governmental entities audited within the last three (3) years by the proposing firm.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified, and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review.

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.

C. Sealed Dollar Cost Proposal

1. Total All-inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be proposed is to contain all direct and indirect costs including all out-of-pocket expenses.

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

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

- a. Name of Firm
 - b. 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 Sinton.
 - c. A total all-inclusive maximum price for the 2015-2016 fiscal year engagement.
2. Rates by Partner, Specialist, Supervisory and Staff Level multiplied by the hours anticipated for each.

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in (Appendix D), that supports the total all-inclusive maximum price.

VI. EVALUATION PROCEDURES

A. Evaluation Criteria

Proposals will be evaluated using a point system with the combined total points allowable being 100. The selection criteria, with the amount of points allowed for each, that will be considered during the evaluation process is as follows:

1. The audit firm and staff are independent and licensed to practice in Texas. (20 pts)
2. The Audit firm's professional personnel. (15 pts)
3. The firm has no conflict of interest with regard to any work performed by the firm for the City. (5 pts)
4. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work. (20 pts)

5. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal. (5 pts)
6. Firm's experience with previous Governmental audits. (25 pts)
7. Price. (10 pts)

B. Final Selection

The City of Sinton City Council will select a firm based upon the analysis of the proposals.

C. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City of Sinton reserves the right, without prejudice, to reject any or all proposals.

APPENDIX C

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with the State of Texas Laws.
- B. Proposer warrants that it is willing and able to obtain errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City of Sinton.
- D. Proposer warrants that all information provided by it, in connection with this proposal, is true and accurate.

Signature of Official

Name (Typed/Printed)

Title

Firm

Date

APPENDIX D

**SCHEDULE OF PROFESSIONAL
FEES AND EXPENSES
FOR THE AUDIT OF THE
10-11 FINANCIAL STATEMENTS**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	\$ _____	\$ _____	\$ _____
Managers	_____	\$ _____	\$ _____	\$ _____
Supervisory Staff	_____	\$ _____	\$ _____	\$ _____
Other – (Specify): _____	_____	\$ _____	\$ _____	\$ _____
Subtotal				\$ _____
Total all-inclusive maximum price 10-11 audit				\$ _____