



City of East Providence Request for Proposals Professional Auditing Services & Agreed-Upon Procedures Bid No. EP19/20-36 SPECIFICATIONS

I. INTRODUCTION

A. General Information

The City of East Providence is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending October 31, 2020 with the option of auditing its financial statements for each of the two subsequent fiscal years. Continuation beyond the initial fiscal year of the three-year contract will be at the discretion of the City.

The audit will be conducted in accordance with generally accepted auditing standards of the American Institute of Certified Public Accountants, the standards for financial audits set forth in Government Auditing Standards issued by the Comptroller General of the United States, the provisions of the Single Audit Act of 1984 (as amended by the Single Audit Act of 1996). The audit must be conducted in accordance with the provisions of the U.S. Office of Management and Budget (OMB) Guidance 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Subpart F – Audit Requirements, as well as the following additional requirements:

The minimum guidelines as required by the Office of the Auditor General of the State of Rhode Island and the Department of Education of the State of Rhode Island.

The East Providence School Department has implemented the Uniform Chart of Accounts (UCOA). The auditors engaged to perform the annual audit of the District shall also be engaged to report on their tests of compliance with the School UCOA requirements in an agreed-upon procedures compliance attestation format.

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

To be considered, four (4) copies of a proposal must be received by the Controller's Office, at City Hall, 145 Taunton Avenue, Room 103, East Providence, RI 02914 by Thursday, November 5, 2020 at 11:00 am. Proposals will be opened at this time. The City of East Providence reserves the right to reject any or all proposals submitted.

During the evaluation process, the City reserves the right, where it may serve the City of East Providence's best interest, to request additional information or clarifications from proposers, or to allow corrections of minor errors or omissions. At the discretion of the City of East Providence, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of East Providence 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 this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of East Providence and the firm selected.

It is anticipated that the selection of a firm will be awarded by November 17, 2020 upon approval of the City Council. Following the notification of the selected firm, it is expected a contract will be executed between both parties by November 20, 2020.

B. Term of Engagement

A three-year contract is contemplated, subject to the annual review and recommendation of the Mayor and the Finance Director with the concurrence of the East Providence City Council.

II. NATURE OF AUDIT SERVICES REQUIRED

A. General

The City of East Providence is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending October 31, 2020 with the option to audit the City of East Providence's financial statements for each of the two subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

The City of East Providence desires the auditor to express an opinion on the fair presentation of its basic financial statements, which will include government-wide financial statements, fund financial statements, and notes to the financial statements in conformity with generally accepted accounting principles.

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

Required Supplementary Information shall include:

- Management's Discussion and Analysis
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
- Schedules related to defined benefit pension plans and OPEB plans, if applicable

The City also desires the auditor to express an "in-relation-to" opinion on the supplementary financial statements and schedules based on the auditing procedures applied during the audit of the basic financial statements.

Supplementary financial statements, schedules and information shall include:

- Combining fund financial statements shall be presented as supplementary information for all non-major governmental funds. Each non-major fund (included within the Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent Funds) shall be presented as separate columns in the combining fund financial statements. Similarly, combining financial statements shall also be presented for each of the other fund types when there is more than one internal service fund, enterprise fund, and fiduciary fund.
- Combining financial statements shall be presented for the General Fund when separate funds are maintained within the accounting system but the funds do not qualify as special revenue funds, in accordance with generally accepted accounting principles, and are merged with the General Fund for financial reporting purposes.

If applicable, an audit of major programs shall be performed in accordance with the criteria outlined in OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements.

The auditor is not required to audit the supplementary schedule of expenditures of federal awards. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

Other schedules may be required by the City and/or the State of Rhode Island Director of Revenue, Auditor General, and Department of Education or as required by the applicable section of the general laws such as, Rhode Island General Law Section (RIGL) 45-10-6 (Contents of Audit Report).

- The Tax Collector's Annual Report shall be presented within Other Supplementary Information to meet the requirements of RIGL 45-10-6 for additional information to the basic financial statements. The Tax Collector's Annual report should be presented in accordance with the revised format requirements of the RI Department of Revenue - Division of Municipal Finance (available on the Division's website). The auditors engaged to audit the municipality's financial statements shall also report on the Tax Collector's Annual Report, as supplementary information ("fairly presented in relation to the municipality's basic financial statements").
- Municipal Transparency Portal (MTP) - Enacted legislation amended Rhode Island General Laws §45-12-22.2 and §44-35-10 to improve required reporting by creating the Municipal Transparency Portal (MTP) which will represent a centralized location for municipal financial information. Each municipality shall include their Annual Supplemental Transparency Report, MTP2, within their annual audited financial statements. This requires one schedule that includes (1) municipal reportable government services and (2) all school services (consistent with RIDE UCOA requirements). The Annual Supplemental Transparency Report, MTP2, included within the annual audit report shall also include reconciliation to the amounts included in the

fund level financial statements.

The auditors engaged to audit the municipality's financial statements shall also report on the Annual Supplemental Transparency Report (including the reconciliations), MTP2, as supplementary information ("fairly presented in relation to the municipality's basic financial statements").

Auditors are not required to opine on the municipality's determination of "reportable government services" (RGS) as defined in Section 2.1 of the Municipal Transparency Portal Implementation Guidance. The municipality will make the determination of "reportable government services" for inclusion in the various reports required to be submitted through the municipal transparency portal. However, auditors will be expected to review the reconciliations as part of the Annual Supplemental Transparency Report, MTP2, (required for inclusion in the audited financial statements as supplementary information) to assess the inclusion of amounts reported which are not within the municipality's or school's general fund.

The format of the required MTP schedules and related reconciliations, as well as, the typical timeline for filing of the annual municipal data report and coordination with annual financial statement audit, are detailed in the MTP Implementation Guidance (available on the Division of Municipal Finance website).

The Independent Auditor's Report would typically include reference to the Annual Supplemental Transparency Report, MTP2, as supplementary information. See the Municipal Transparency Portal Implementation Guidance for additional information.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.
2. The standards for financial audits set forth in the *Government Auditing Standards* issued by the Comptroller General of the United States.
3. The provisions of the Single Audit Act of 1984 (as amended by the Single Audit Act Amendments of 1996).
4. The provisions of U.S. Office of Management and Budget (OMB) Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements.
5. The guidelines of the Department of Revenue - Division of Municipal Finance.
6. The auditing and reporting guidelines prescribed by the RI Auditor General and
7. The guidelines of the RI Department of Education.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall report on:

1. The fair presentation of the financial statements in conformity with generally accepted accounting principles based on an audit performed in accordance with generally accepted auditing standards and Government Auditing Standards. The auditor shall also make reference to, but not opine on, required supplementary information consistent with reporting guidance in the applicable AICPA Audit Guide.
2. Supplementary financial statements, schedules and information being fairly stated in all material respects in relation to the basic financial statements as a whole.
 - The supplementary information shall include combining fund financial statements (and if applicable, General Fund combining financial statements), the Annual Supplemental Transparency Report (MTP2, including the reconciliations), and the Tax Collector's Annual Report.
 - If the supplementary schedule of expenditures of federal awards is issued with the financial statements, the auditor is to provide an "in-relation-to" opinion on that schedule, based on the auditing procedures applied during the audit of the financial statements.
3. Internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
4. Reports and summaries related to federal financial assistance as required by OMB Guidance (the auditor should refer to applicable OMB guidance in effect and the applicable AICPA Audit Guide for reporting guidance) and a completed Form SF-SAC. "Data Collection Form for Reporting on Audits of State, Local Governments and Non-Profit Organizations" to be submitted in accordance with the current method of submission for Form SF-SAC and Single Audit reporting packages (per OMB public Notice), to the Federal Audit Clearinghouse Internet Data Entry System.
 - a. If the supplementary schedule of expenditures of federal awards is issued separately from the financial statements, the auditor is to provide an "in-relation-to" opinion on that schedule, based on the auditing procedures applied during the audit of the financial statements.
5. Other reports that may be requested by the State Director of Revenue and/or Auditor General or as required by the applicable section of the general laws.

In the required reports on internal controls, the auditor shall communicate any significant deficiencies found during the audit. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. Significant deficiencies that are also material weaknesses shall be identified as such in the report.

Other matters, for example, control deficiencies that are not significant deficiencies or material weaknesses discovered by the auditor shall be reported in a separate letter to management,

which shall be referred to in the report on internal controls.

The report 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.

The management letter should include comments, and detailed recommendations beyond those included in the reports described above, on such matters as:

1. Policies, procedures and practices employed by the municipality.
2. Control deficiencies that are not significant deficiencies or material weaknesses.
3. Use of resources to provide a governmental service in a reasonable, judicious, economical, and efficient manner.
4. Compliance with state laws pertaining to the municipality and with rules and regulations established by the municipality.

Upon completion of the audit, the management letter will be submitted to the East Providence City Council and East Providence School Committee, with copies to the State Director of Revenue and the Auditor General.

The final audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to the City of East Providence, State Auditor General and State Director of Revenue. A copy of the final written correspondence, The Auditor's Communication with Those Charged with Governance, shall also be delivered to the State Auditor General.

Any representations made with the submission will be relied upon and if proven to be false will be grounds for termination of the contract, if awarded. False representation will also be grounds for forfeiture of all payments under the contract. This will not limit the City from seeking any other legal or equitable remedies.

The accounting firm will hold a preliminary exit conference with the Finance Director to discuss the audit as it relates to the respective departments. After the preliminary exit conferences are completed, the accounting firm will meet with the Finance Director, School Superintendent and Mayor to review draft copies of the aforementioned reports before such reports are issued to the City Council.

At the conclusion of the audit, a representative of the accounting firm will be expected to appear before the City Council and School Committee to discuss the findings of the audit.

E. Fraud and Illegal Acts

Auditors shall be required to make an immediate, written report of all fraud and illegal acts of which they become aware to the following parties:

1. Mayor
2. City Council

F. Special Considerations

Outlined below are certain additional requirements, which the City requires. The cost of providing

these services should be included in the all-inclusive maximum price.

1. Draft copies of all audit reports and management letters shall be submitted to the Finance Director of the City prior to the exit conference so that there will be adequate time for review.
2. The supplementary schedule of expenditures of federal awards and related auditor's report, as well as the reports on internal control and compliance are to be issued as part of the basic financial statements.
3. Difficulties may be encountered in implementing and complying with specific reporting requirements mandated by the GASB. The auditor will be responsible to work with the Finance Director to ensure proper implementation and compliance with any new pronouncements effective during the contract.

G. Audit Documentation Retention and Access to Audit Documentation

All audit documentation 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 East Providence of the need to extend the retention period. The auditors will be required to make copies of all audit documentation requested by the Finance Director.

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

As required by Section 45-10-4 of the RI General Laws, it is understood that the contract between the municipality and the audit firm shall require the auditor or the audit firm to release any and all information obtained in the course of the engagement to the Rhode Island State Auditor General (or his designee). This information includes but is not limited to financial data, analysis, audit documentation, and memorandums. Audit documentation of the independent auditors shall be made available to the Auditor General (or his designee) upon request. The request for such information by the Auditor General shall be responded to promptly. Failure to provide this information shall constitute a breach of contract, and the contract shall give the Auditor General standing in a court of competent jurisdiction to enforce this provision.

III. NATURE OF UCOA AGREED-UPON PROCEDURES REQUIRED

The East Providence School Department has implemented the Uniform Chart of Accounts (UCOA) as promulgated by the Auditor General and Commissioner of Education in accordance with Rhode Island General Law 16-2-9.4. Each municipal school district, regional school district, collaborative, or charter school, which is required to adopt the UCOA, shall have additional compliance testing procedures designed to assess compliance with UCOA requirements and the entity's effectiveness of internal control over compliance with those requirements.

See Appendix D for the agreed-upon procedures. Please note that the agreed-upon procedures may be subject to subsequent modification.

The East Providence School Department UCOA agreed-upon procedures report is due by December 31st annually. The report should be submitted to the Rhode Island Department of Education and the Office of the Auditor General.

Ten (10) copies of the final agreed-upon procedures report on the School Department's compliance with the Uniform Chart of Accounts shall be delivered to the Mayor.

IV. DESCRIPTION OF THE GOVERNMENT

A. Contact Telephone Numbers

Mayor, Roberto DaSilva	(401) 435-7500 x 11012
Finance Director, Malcolm Moore	(401) 435-7550

B. Background Information

The City of East Providence serves an area of 16.2 square miles with a population of 48,000. The City of East Providence's fiscal year begins on November 1 and ends on October 31.

The accounting and financial reporting functions of the City of East Providence and the School department are centralized within the Finance Department.

C. Fund Structure

The City of East Providence used the following fund types in its financial reporting for the fiscal year ending October 31, 2019:

<u>Fund Type</u>	<u>Number of Individual Funds</u>	<u>Number With Legally Adopted Annual Budgets</u>
General fund	1	1
Special revenue funds	78	2
Capital projects funds	6	0
Proprietary funds	2	2
Permanent Funds	5	0
Fiduciary funds	2	0
Agency funds*	5	0

** with the implementation of GASB Statement No. 84, these funds will need to be assessed whether they should be reported as custodial funds or within general fund or a special revenue fund.*

D. Budgetary Basis of Accounting

The City of East Providence prepares its budgets on a basis consistent with generally accepted accounting principles with two exceptions. Major encumbrances at year-end are considered to be expenditures for budgetary purposes but not for GAAP purposes. In addition, use of fund balance designated for operations is recognized as revenue on budgetary basis.

E. Computer Systems

The City presently has Sungard for financials and ADP for payroll. The School Department has Infinite Visions for financials and Admins for payroll.

F. Availability of Prior Year Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports should contact the Finance Director, Malcolm Moore, at City Hall, 145 Taunton Avenue, East Providence, RI 02914 or by calling (401) 435-7550. The City of East Providence will make the prior year audit reports available to applicants to aid their response to this request for proposals.

V. TIME REQUIREMENTS

A. Proposal Calendar

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

Request for proposals issued	October 15, 2020 by
Due date for proposals	November 5, 2020 at 11:00 am

B. Notification and Contract Dates

Selected firm notified	November 10, 2020
Contract date	November 20, 2020

C. Date Audit May Commence

The City of East Providence will have all records ready for audit and available by December 31, 2020

D. Schedule for the 2020 Fiscal Year Audit

(A similar schedule will be developed for audits of future fiscal years if the City of East Providence exercises its option for additional audits.)

The auditor shall complete each of the following no later than the dates indicated.

1. Interim Work
 - a. The auditor shall complete all interim work by December 31, 2020
2. Detailed Audit Plan
 - a. The auditor shall provide the City of East Providence by December 10, 2020 both a detailed audit plan and a list of all schedules to be prepared by the City of East Providence.
3. Fieldwork
 - a. The auditor shall complete all fieldwork by February 28, 2021
4. Draft Reports
 - a. The auditor shall have drafts of the audit report(s) and recommendations to management available for review by the Finance Director by March 30, 2021.

E. Date Final Report is Due by April 16, 2021

The Finance Director shall prepare preliminary trial balances, and all required supplementary schedules by December 31, 2020. The auditor shall provide all recommendations, revisions and suggestions for improvement to the Finance Director by March 30, 2021. A draft auditor's report shall be delivered to the Finance Director by March 30, 2021.

The Finance Director will complete his review of the draft report as expeditiously as possible. It is not expected that this process should exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports of the City and School. Once all issues for discussion are resolved, the final signed report shall be delivered to the Finance Director within 14 working days. It is anticipated that this process will be completed and the final report delivered by April 19, 2021.

The final report and thirty (30) signed copies should be delivered to the Finance Director at City Hall, 145 Taunton Avenue, East Providence, RI 02914.

The School Department shall provide the agreed-upon procedures report along with the audited financial statements to the Rhode Island Department of Education and the Office of the Auditor General at the conclusion of the annual audit or the revised timeline established by the Rhode Island Department of Education and the Office of the Auditor General.

Also, an electronic version of the final report will be completed and made available to any agency desiring the report in this format.

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

A. Finance Department and Clerical Assistance

The Finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the City of East Providence based on information requested by the auditor.

B. Electronic Data Processing (EDP) Assistance

A Computer Information Specialist will be available to provide systems documentation and explanations.

C. Statements and Schedules to be prepared by the Staff of the City of East Providence

The staff of the City of East Providence will prepare the statements and schedules outlined in the Detailed Audit Plan (Section V.D.2), for the auditor by December 31, 2020.

D. Work Area, Telephones and Photocopying

The City of East Providence will provide the auditor with reasonable workspace, desks and chairs.

The auditor will also be provided with access to telephone lines and photocopying facilities.

E. Report Preparation

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

VII. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries
 - a. Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Procurement Specialist
145 Taunton Avenue
East Providence, RI 02914
(401) 435-7570
2. Submission of Proposals
 - a. The following material is to be received by Thursday, November 5, 2020 at 11:00 am, for a proposing firm to be considered.
3. A master copy (so marked) of a Technical Proposal, four (4) copies, and an electronic copy in PC-readable Adobe Acrobat PDF format to include the following:
 - (1) Title Page
 - (a) Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of a contact person; and date of the proposal.
 - (2) Table of Contents
 - (3) Transmittal Letter
 - (a) A signed letter of transmittal briefly stating the proposers 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 best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for a three year period.
 - (4) Detailed Proposal
 - (a) The detailed proposal should follow the order set forth in Section VII B of this request for proposals.
 - (5) Executed copies of Proposers Guarantees and Proposers Warranties, attached to this request for proposals (Appendix A and Appendix B).

- (6) The proposer shall submit an original, four (4) copies, and an electronic copy in PC-readable Adobe Acrobat PDF format of a dollar cost bid (Appendix C) in a separate sealed envelope marked as follows:

**SEALED DOLLAR COST BID PROPOSAL FOR
CITY OF EAST PROVIDENCE
FOR
PROFESSIONAL AUDITING SERVICES AND AGREED-UPON PROCEDURES
BID EP19/20- 36**

- (7) Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Room 103 – Procurement Specialist
City of East Providence
145 Taunton Avenue
East Providence, RI 02914

B. Technical Proposal

1. 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 of East Providence 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 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 proposals requirement.

**THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE
TECHNICAL PROPOSAL DOCUMENT**

The technical proposal should address all the points outlined in the request for proposals (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 proposals. While additional data may be presented, the following subjects, items No's. 2 through 9 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 under the requirements of the American Institute of Certified Public Accountants Code of Professional Ethics and Government Auditing Standards.

The firm should also list and describe the firm's professional relationships involving the City of East Providence or any of its agencies or component units 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.

3. License to Practice in Rhode Island

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

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 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 basis.

The proposal should identify any sub-contractors, co-proposers, or other entity that will be used to provide the professional services sought by the request for proposal.

Representation that the private auditor has an appropriate internal quality control system in place and has participated in an external quality control review program as required by Government Auditing Standards. The firm is also required to submit a copy of the report on its most recent external quality control review report as required by Government Auditing Standards, with a statement whether that quality control review included a review of specific government engagements and also submit the results of any subsequent review performed during the term of the contract. The firm will provide the Auditor General with a copy of its most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract.

Representation that the private auditor is familiar with generally accepted accounting principles for state and local government units and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; the standards for financial audits set forth in Government Auditing Standards issued by the Comptroller General of the United States; the Single Audit Act of 1984 as amended in November 1996 and the provisions of OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements. The private auditor will conduct the audit and report in accordance with those standards.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits.

The firm shall list any professional complaints pending or resolved against the firm or any of its partners with the state boards of accountancy, or any self-regulatory, professional or government authority including but not limited to the AICPA, or Rhode Island Board of Accountancy. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm or its partners with state regulatory bodies or professional organizations.

The firm must provide information regarding any lawsuits or claims against the firm, pending or resolved.

The firm must also indicate the amount and type of professional liability coverage that it carries (Appendix B). The audit firm shall have at the time of proposal, and throughout the period of engagement, professional liability insurance coverage of not less than \$1 million.

An affirmative statement should be included indicating that the firm meets the continuing educational requirements of Government Auditing Standards.

5. 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 Rhode Island. The senior accountant in charge of the fieldwork shall be a certified public accountant. The firm also should provide information on the government auditing experience of each person, including information on meeting continuing professional education requirements of Government Auditing Standards 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 will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City of East Providence. However, in either case, the City of East Providence retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the City of East Providence, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. 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 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours.

Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposals.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement and expected completion date of the audit.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of computer software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of the City of East Providence's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work
- h. Approach to be taken in drawing audit samples for purposes of test compliance

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City of East Providence.

9. Report Format

The proposal should include sample formats for required reports. A sample municipal and school audit report should be enclosed for the City's review.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

C. Sealed Dollar Cost Bid

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 proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. The dollar cost bid should specifically identify the fee for the audit services and the fee for the agreed-upon procedures.

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

The first page of the sealed dollar cost bid 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 East Providence.
 - c. A Total All-inclusive Maximum Price for the 2020 engagement.
2. Rates by Partner, Manager, Senior and Staff Level Times 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 the attachment (Appendix C) that supports the total all-inclusive maximum price.
3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

4. Rates for Additional Professional Services

If it should become necessary for the City of East Providence to request the auditor to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City of East Providence and the firm.

Any such additional work agreed to between the City of East Providence and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid. Firms may quote different prices for certain times of the year.

Any amendments to the contract for additional work will be negotiated in good faith. Provided, however, in the event that the parties cannot mutually agree on additional work to be performed and the cost for said work, then the City, as its option may rescind the option period.

In accordance with Government Auditing Standards, if the firm provides non-audit services, it must evaluate whether providing the services creates independence impairment with respect to the audit of the City.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month.

VIII. EVALUATION PROCEDURES

A. Evaluation Criteria

An evaluation committee will be comprised of individuals knowledgeable about auditing and financial reporting matters. Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria, which will be considered during the evaluation process.

Mandatory Elements

- a. The audit firm is independent and licensed to practice in Rhode Island.
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the City of East Providence.
- d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- e. The firm adheres to the instruction in this request for proposals on preparing and submitting the proposal.

1. Technical Qualifications:

a. Governmental Expertise and Experience

1. The firm's past experience and performance on comparable government engagements including the issuance of a comprehensive annual financial report.
2. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

2. Audit Approach

- a. Adequacy of proposed staffing plan for various segments of the engagement.
- b. Adequacy of sampling techniques.
- c. Adequacy of analytical procedures.

3. Price

Proposals will be evaluated using the following scoring weights resulting in a maximum score of 100 points:

	Maximum points
Overall qualifications and experience of the firm and the specific engagement personnel to be assigned focusing on experiences with governmental entities and the specific line of business or services provided by the entity to be audited.	40
Overall audit approach and audit strategy described/outlined in the proposal and firm capacity to perform the engagement	30

within the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)	
Audit fees - See formula for points awarded for audit fees (*) 30	30
Maximum evaluation points 100	100

* Evaluation technique – audit fees

Audit fee score = (lowest qualified bid/bid for firm being evaluated) X 30 points

Example: Assuming 3 bids received were: (firm A) - \$40,000, (firm B) - \$46,000, (firm C) - \$50,000

Firm A (the lowest bidder)	awarded 30 points	$\$40,000/\$40,000 \times 30 \text{ points} = 30$
Firm B	awarded 26 points	$\$40,000/\$46,000 \times 30 \text{ points} = 26$
Firm C	awarded 24 points	$\$40,000/\$50,000 \times 30 \text{ points} = 24$

An evaluation grid will be prepared summarizing the scoring by each member of the evaluation committee and the composite ranking. If any firm is disqualified and therefore not evaluated, the reason for such action shall be documented.

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.

B. Oral Presentations

During the evaluation process, the City may at its discretion, request any one or all firms to make an oral presentation. Such presentation will provide firms with an opportunity to answer any questions the City may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

C. Final Selection

The City Council will select a firm based upon the recommendation of the evaluation committee.

It is anticipated that a firm will be selected by November 10, 2020. Following notification of the firm selected, it is expected a contract will be executed between both parties by November 20, 2020.

D. Right to Reject Proposals

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

The City of East Providence reserves the right without prejudice to reject any or all proposals