

## Auditor

### Request for Qualifications (RFQ) Policy

The East Bay Charter Township Board shall submit a Request for Qualifications (RFQ) for audit services every four years.

The RFQ process shall be conducted in January following each four year election and shall be for audit services for the fiscal year in which the process is conducted. For example, RFQ's will be requested January 2009 following the November 2008 election and will cover the audit years of 2009 through 2012.

The township shall publicize the acceptance of qualifications through various means. These may include, but are not limited to, posting on the township's web site, notification placed in a locally circulated newspaper and postings in any pertinent industry journals or listservs. The Township Board may ask specific audit firms to submit a statement of qualifications.

This process and its timing will accomplish several goals:

- A rotation of auditors every four years will insure new oversight and opinion of township financial records and statements.
- A newly elected township board will have the opportunity to select the auditors they determine are competitive and offer the best service and expertise to the township.
- The routine RFQ process will encourage competitive pricing options and service delivery available to the township.
- In the event officials change with the election, this will provide continuity to the township helping to eliminate a significant learning curve as current auditor staff will work with newly elected officials to complete the audit in the year in which they were elected.

Approved June 9, 2008

**EAST BAY CHARTER TOWNSHIP  
REQUEST FOR PROPOSAL  
AUDIT SERVICES**

Section A – General Information

East Bay Charter Township is requesting proposals for qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2017 with the option of auditing its statements for each of the three subsequent years at the discretion of the Township Board.

The examination of the financial records, accounts and procedures by all local units of government shall be made in accordance with generally accepted auditing standards as adopted by the American Institute of Certified Public Accountants in its Statements on Auditing Standards and the State of Michigan Department of Treasury's Statements of Position and Uniform Reporting Format. The audit must comply with the Michigan Department of Treasury's *Bulletin for Audits of Local Units of Government*. In addition, it will include any other tests of the accounting records and such other auditing procedures the proposer considers necessary in the circumstances.

Section B – Information about the Request

- 1) Seven copies of the proposal should be provided in a sealed envelope clearly marked "Proposals for Audit Services – East Bay Charter Township" and will be accepted at:  
East Bay Charter Township  
1965 Three Mile Road  
Traverse City, MI 49696
- 2) Proposals will be accepted through 5 p.m. on August 31, 2017. Submitted proposals will not be opened until after the deadline.
- 3) Questions about the Township or this proposal should be directed to the contact person regarding the RFP: Beth Friend, Supervisor  
(231) 947-8719
- 4) The Township Board reserves the right to reject any and all proposals submitted. The Township Board will make the final selection of the auditor based on evaluation of all responses, qualifications, audit approach, thoroughness and pricing. It is anticipated a selection will be made and the proposers notified by October 16, 2017. Respondents will be notified of any change made to this schedule.

### Section C – Description of the Entity to be Audited

East Bay Charter Township is located in Grand Traverse County. Its population is approximately 11,664 and is governed by a seven-member Board. The township has a third party bookkeeper/accountant working with the staff to ensure clean reconciled trial balances.

Each applicant has received East Bay Charter Township's Financial Statements and management letters from 2013 through 2016. In addition, each applicant has an opportunity to meet with representatives from the Board including the Supervisor, Clerk and Treasurer. Budget records, general ledger reports, payroll files, revenues and receipts are maintained in the Clerk and Treasurer's offices. Any records needed during the bidding process will be made available through the RFP contact person outlined in Section B.

### Section D – Mandatory Qualifications of the Proposer

- 1) The proposer is properly licensed for public practice as a certified public accountant.
- 2) The proposer meets the independence requirements of the Governmental Auditing Standards published by the U.S. General Accounting Office.
- 3) The proposer furnishes a list of audit clients.
- 4) The proposer has met with representatives of the Township for a pre-proposal conference with an opportunity to meet the Supervisor, Treasurer and Clerk.

### Section E – Assistance Available to the Proposer

East Bay Charter Township's preceding examinations were performed by Abraham & Gaffney PC since 2009 through December 31, 2016. An internal bookkeeper is on staff, ensuring a clean reconciled trial balance.

The Township will make every effort to make available all personnel when necessary to assist in performance of the examination. The Township Clerk and/or Treasurer will provide the auditor with trial balances and supporting information for the start of the field work. The Township staff will assist and provide the auditors with detailed accounts from the Township computer system and retrieve and refile invoices or other documentation selected for examination.

The audit staff will be provided with reasonable work space and access to telephones, photocopy, internet and fax machines.

### Section F – Nature of Services Rendered

The services will include an audit of the 2017 financial statements as well as compliance with pertinent statutory and internal control regulations. Internal control systems will be documented and examined to identify any weaknesses. Any areas of identified risks by

the auditor or Board members will be sufficiently examined to determine if proper policies and procedures have been followed or should be implemented. The level of audit necessary is that which at the conclusion of the audit, Board members and audit staff are satisfied that the Township's financial statements are free of material misstatements and control policies are in place or recommended that deliver efficient and lawful procedures for the Township.

### Section G – RFP Response

Firms responding to the RFP will be expected to include a technical proposal to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the Township. Substance of the proposal will have more impact than the form or manner of the presentation. The proposal must contain, *but not limited to*, the following information:

- 1) Detailed Work Plan (also refer to Section F – Nature of Services Rendered)
  - a) Explanation of audit methodology
    - i) Financial Statements: *Indicate the scope and level of the audit*, including how the proposer will develop an understanding of the current system in place; testing of balances, transactions, and reconciliations; identify how sample thresholds are set and tested.
    - ii) Internal Control Procedures: *Describe the internal control examination and its extent*. The internal control systems must be examined to determine compliance with compiled laws and regulations.
    - iii) Approach to identification and examination of areas of weakness; these areas could be identified by auditors or Board members. Include any other tests of the accounting records and such other procedures the proposer considers necessary in the circumstances.
    - iv) All current GASB Reporting Requirements: Define and delineate Township and proposer's requirements and resources needed to implement this change. Identify which items will be necessary each fiscal year and which are needed only for the initial implementation. Outline assistance to the Township with the implementation of all current GASB requirements.
- 2) Profile of Auditor
  - a) Independent Auditor: The firm should provide an affirmative statement that it is independent of East Bay Charter Township as defined by generally accepted auditing standards.
  - b) Audit Firm:
    - i) 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.
    - ii) A description of the range of services performed by the firm including but not limited to this RFP, such as additional accounting and management services.

- iii) Any additional firm information that would be helpful in the selection process.
  - c) Resources dedicated to this contract:
    - i) The proposer should identify the principal supervisory and management staff who would be assigned to the engagement. These staff members should be identified as to whether each person is a certified public accountant in Michigan, their level of governmental auditing experience and any relevant professional experience or continuing professional education during the past five years. Also identify any support staff that will be assigned to this task. Both management and support staff should be indicated whether they will be utilized on a full or part time basis for this project.
- 3) Reports and Completion of the Audit
- a) A report on the audit of the financial statements of East Bay Charter Township for the year ended December 31, 2017.
  - b) Report on the internal accounting and administrative controls employed by the Township including any necessary recommendations.
  - c) Management Letter summarizing audit findings and recommendations.
  - d) Prior to finalization of the audit report, an exit conference will be held jointly with the Supervisor, Clerk and Treasurer to review drafts of the management letter and financial statements.
  - e) Upon completion of the audit report, a verbal presentation to the Board outlining the highlights, special notations and recommendations will be made at a scheduled Board meeting.
  - f) Preparation of the F-65 Reports, to be submitted to the Clerk for review.
  - g) The successful audit firm will be available throughout the year to consult with Township personnel regarding matters which may affect accounting and reporting for governmental units.
- 4) Pricing Information
- a) The proposal should include all pricing information relative to performing the audit engagement. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including out of pocket expenses. The bid may be broken out into the following areas:
    - i) Inclusive fee that will deliver the “Detailed Work Plan” and “Reports and Completion of the Audit” outlined above including the financial statement, internal control evaluation and identified areas of risk examination. Pricing may be broken out and assigned to the four areas of the “Detailed Work Plan” if the proposer feels this would be helpful in the selection process.
    - ii) Hourly fees for services that may be retained above and beyond those services outlined in this RFP. Indicate hourly fees by staff classification. Note the quantity, if any, of follow-up consultation discussed in “Reports and Completion of the Audit” section f that will be included in the package bid or billed at an hourly rate to the Township.

- iii) Fees for Audit should reflect East Bay having an internal bookkeeper on staff.

5) Time Table: Proposer should outline first availability of firm resources that is in line with selection of bid. In addition, availability which impacts pricing should also be noted.

#### Section H – Proposer Warranties

The proposer will warrant that it will not delegate or subcontract its responsibilities under agreement without prior written permission of the East Bay Charter Township Board.

Additionally, the proposer will warrant that all information provided by it in connection with this proposal is true and accurate to the best of its knowledge.

In the event that final audit reports prepared by the successful bidder are not acceptable to the State Treasurer, the successful bidder shall, at its own expense, take the necessary steps to prepare and resubmit final audit reports which are acceptable to the State Treasurer.

#### Section I – Contractual Arrangements

Invoices for services will be paid within 30 days from receipt. The total amount invoiced is not to exceed the bid amount unless the East Bay Charter Township Board has approved other arrangements. The Township Board reserves the right to terminate the contract for audit at any time. Services rendered up to that point will be paid and the remaining contract will be nullified.