

**CITY OF CUMMING  
AUDITING SERVICES  
REQUEST FOR PROPOSALS**

**1. INTRODUCTION**

A. General Information

The City of Cumming is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2020, with the option of auditing its financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards (2003)*, the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profits as well as all applicable requirements of audits for local governments in the Official Code of Georgia annotated regulations of the Georgia Department of Audits and applicable requirements of federal and state grantor agencies*.

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

To be considered, the proposer shall submit a proposal in a sealed envelope to Phil Higgins, City Administrator at 100 Main Street, Cumming, GA 30040 by 4:00 p.m. on September 24, 2020.

Proposals submitted will be evaluated by an Audit Selection Committee consisting of:

- City Administrator
- City Clerk
- Other persons as appointed by the City Administrator

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

The City of Cumming 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 Cumming and the firm selected. All proposals are deemed public records and must be released to the public upon request, less any portions excluded by law. Any questions should be directed to Jeffery Honea, City Clerk at [jeff.honea@cityofcumming.net](mailto:jeff.honea@cityofcumming.net). The final deadline for submission of questions is September 15, 2020. All questions should be conveyed by email only to [jeff.honea@cityofcumming.net](mailto:jeff.honea@cityofcumming.net).

Right of Rejection: The City reserves the right to accept or reject any or all responses to this RFP and to enter into discussions and/or negotiations with one or more qualified Respondents at the same time, if such action is in the best interest of the City of Cumming. Further, the City of Cumming may consider alternatives, waive any informalities or irregularities, and re-solicit proposals. The City shall have the right, in its sole and absolute discretion, to select the proposal that the City determines to best meet its needs and interests. The City reserves the right to accept or reject any or all proposals, to solicit additional proposals to amend or revise proposals, or to correct or amend specifications. The City also reserves the right answer questions, clarify and/or amend this RFP at any time. **Note: All potential responders should advise the City of their interest (via the email address in the above paragraph) and provide their preferred email address to receive any answers to questions and/or amendments to the RFP.**

#### B. Term of Engagement

A three-year contract is contemplated with option to renew for up to two additional years, subject to the annual review and recommendation of the Audit Selection Committee, the satisfactory negotiation of terms (including a price acceptable to both the City of Cumming and the selected firm), the concurrence of the City Council and the annual availability of an appropriation.

## **II. NATURE OF SERVICES REQUIRED**

#### A. General

The City of Cumming is soliciting the services of qualified firms of certified public accountants to audit its financial statements. The audits are to be performed in accordance with the provisions contained in this request for proposals, all applicable state and federal laws and regulations, all applicable accounting standards, GASB as well as any future changes that may occur.

#### B. Scope of Work to be performed

The City of Cumming desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles. The City of Cumming also desires the auditor to express an opinion on the fair presentation of its combining and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles.

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. The selected firm shall also assist the City and related authorities in the preparation of its final financial statements in accordance with Governmental Accounting Standards and other duties as required.

#### C. Auditing Standards to be followed

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

- OMB Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations.
- Generally Accepted Auditing Standards, Developed by the American Institute of Certified Public Accountants (AICPA)
- Government Auditing Standards, United States Government Accountability Office, developed by the Comptroller General of the United States. (July 2011)
- Audits of State and Local Governmental Units, AICPA Audit and Accounting guide prepared by the AICPA.
- The Single Audit Act of 1984 and the Single Audit Act Amendments of 1996
- Any amendments and/or revisions to the above-mentioned standards, administrative requirements or new pronouncements by authoritative bodies shall be implemented accordingly.
- Applicable requirements of audits for local government in the Official Code of Georgia Annotated, regulations of the Georgia Department of Audits, and applicable requirements of federal and state grantor agencies.

D. 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.
4. A report on the internal control structure used in administering federal financial assistance programs (this report may be combined with report number 2).
5. A report on compliance with any requirements applicable to any federal financial assistance programs or Single Audit requirements of Federal Grants awarded, if required.
6. Compile any financial or accounting information for special projects.
7. All adjusting entries and closing balances for FY audited on or before December 31
8. To ensure that the City meets all Federal and State filing requirements

The auditor shall communicate in a letter to management 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.

In the required report(s) on compliance and 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 that are also material weaknesses shall be identified as such in the report.

The reports on compliance shall include all instances of noncompliance.

Irregularities and illegal acts. 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:

City Administrator of Cumming

#### E. Special Considerations

1. If the CITY OF CUMMING prepares one or more official statements in connection with the sale of debt securities, which will contain the general-purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any other required documents.
2. The audit firm is expected to be available for consultation periodically during the year to agree upon accounting treatment and to provide advice relative to accounting questions that come up during the year.
  - a. Keep oversight on all City accounting procedures as needed
  - b. Set up accounting guidelines for City to follow as needed
  - c. Be available to answer questions by phone without charge
  - d. Assist in other matters as required
3. The audit firm is expected to be proficient in its understanding of GASB. The CITY OF CUMMING may require the auditor's assistance with implementing and complying with any requirements mandated by GASB.

#### F. 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 CUMMING 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:

CITY OF CUMMING

U.S. General Accounting Office (GAO)  
State of Georgia Department of Audits

Auditors of entities of which the CITY OF CUMMING is a sub-recipient of grant funds, including the appropriate agency, or parties designated by the federal or state governments or by the CITY OF CUMMING as part of an audit quality review process.

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. Name of contact person.

The auditor's principal contact with the CITY OF CUMMING will be Jeffery Honea, City Clerk whose email is jeff.honea@cityofcumming.net or a designated representative, who will coordinate the assistance to be provided by the CITY OF CUMMING to the auditor.

#### B. Background Information:

The City of Cumming is a rapidly growing City of approximately 6,500 located in North Georgia near Lake Lanier and GA 400. The governing body consists of the Mayor and five Council Members. Administrative offices are located at 100 Main Street, Cumming, GA 30040. The City services provided include, water, sewer, sanitation, police, municipal court, parks and recreation (including aquatics center), street, and planning and development. The City's fiscal year runs January 1 through December 31.

The CITY OF CUMMING has a total payroll of approximately \$8.3 million dollars covering approximately 147 employees.

The CITY OF CUMMING is organized into five (5) funds and fourteen (14) departments. The accounting and financial reporting functions of the CITY OF CUMMING are centralized.

The CITY OF CUMMING participates in an eligible deferred compensation plan - 457

The CITY OF CUMMING does participate in joint ventures with other governments.

The CITY OF CUMMING has a computerized financial system (TYLER Incode)

More detailed information on the government and its finances can be found in the City's audited financial statements for 2019 which is available online at [www.cityofcumming.net](http://www.cityofcumming.net).

### **IV. TIME REQUIREMENTS**

#### Proposal Calendar:

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

Due date for proposals  
Recommendation to City Council

September 24, 2020  
November 3, 2020

Audit Calendar:

The CITY OF CUMMING will have all records ready for audit and all management personnel available to meet with the firm's personnel at a mutually agreeable date that meets the needs of the audit firm.

Schedule for the 2020 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years if the CITY OF CUMMING exercises its option for additional audits).

The audit report must be completed by June 2, 2021 for presentation at the City Council work session for adoption at the June 16, 2021 Council Meeting.

**V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

A. Clerical Assistance

The City Administrator's 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 auditor.

Information Technologies staff will also be available to provide systems documentation and explanations.

B. Work Area, Telephones, Photocopying, FAX Machines and Internet Access.

The CITY OF CUMMING will provide the auditor with reasonable workspace, desks, and chairs. The auditor will also be provided with access to telephone lines, photocopying facilities, internet access and FAX machines as needed to facilitate completion of the engagement.

C. Report Preparation

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

Proposers should send the completed proposal consisting of the Qualifications Statement and Price Proposal (sealed separately) in one, sealed envelope to the following address:

Phil Higgins, City Administrator  
100 Main Street  
Cumming, GA 30040

**VII. EVALUATION PROCEDURES**

A. Audit Committee and Proposal Evaluation

Proposals submitted will be evaluated by an Audit Selection Committee consisting of: City Administrator, City Clerk, and other persons selected by the City Administrator.

The CITY OF CUMMING reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

## B. Evaluation Criteria

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. Failure to meet the mandatory criteria will result in immediate rejection of the entire proposal and no evaluation of the remainder of the technical qualifications or of the cost proposal will be made.

### 1. Mandatory Elements

- a) The audit firm is independent and licensed to practice as a Certified Public Accountant in Georgia
- b) The auditor's staff working on or associated with the engagement must meet the continuing education requirements of the Government Auditing Standards
- c) The firm has no conflict of interest with regard to any other work performed by the firm for the CITY OF CUMMING.
- d) The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
- e) The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

### 2. Technical Qualifications

#### a. Expertise and Experience

- 1) The firm's past experience and performance on comparable government engagements
- 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
- 3) Whether the firm is national, regional or local and the number of employees in the local office

#### b. Audit Approach

- (1) An overview of the timing of field work and any start up work that would be required in the first audit year
- (2) Adequacy of proposed staffing plan for various segments of the engagement
- (2) Adequacy and approach of sampling techniques
- (3) Adequacy of analytical procedures

**C. Price Proposal (Include Separately in a sealed envelope)**

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 bid is to contain all direct and indirect costs including all out of pocket expenses.

The CITY OF CUMMING will not be responsible for expenses incurred in preparing and submitting the Qualifications Statement 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 CUMMING.
  - c. A total all-inclusive maximum price for the 2020 engagement.
2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours anticipated for each.
3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging, and subsistence) will be reimbursed at the rates used by the CITY OF CUMMING for its employees. An estimated out-of-pocket expenses to be reimbursed should be presented on the same page as the sealed dollar cost bid. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the sealed dollar cost bid stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing CITY OF CUMMING rates for its employees.

4. Rates for Additional Professional Services

If it should become necessary for CITY OF CUMMING to request the auditor to render any additional services to either supplement the services requested in this RFP 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 CUMMING and the firm. Any such additional work agreed to between the CITY OF CUMMING 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.

#### 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 billing shall cover a period of not less than a calendar month. The City reserves the right to withhold ten percent (10% from each billing pending delivery of the firm's final reports.

#### C. Oral Presentations

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

#### D. Final Selection

The Audit Selection Committee will make a recommendation to the City Council. It is anticipated that a recommendation to the City Council will be made by November 3, 2020.

The City Council will make the final selection of an auditing firm.

#### E. 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 OF CUMMING and the firm selected.

The CITY OF CUMMING reserves the right without prejudice to reject any or all proposals.