

**CITY OF KEEGO HARBOR**  
**REQUEST FOR PROPOSALS**  
**AUDITING SERVICES**

The City of Keego Harbor is located approximately 25 miles northwest of the City of Detroit, 4 miles southwest of the City of Pontiac and it's nestled in the northeast corner of the Township of West Bloomfield, Oakland County, Michigan. The main artery through which the city can be accessed is Orchard Lake Road (M-218).

The City of Keego Harbor is requesting proposals for the services of a qualified Certified Public Accounting firm to conduct the Financial and Compliance Audit of the City's operations. Services will include, but are not limited to:

- Planning and performing the audit
- Performing tests of documentary evidence
- Evaluation of Internal Controls
- Management Letter(s) per Financial Report
- Letter of comments and recommendations in accordance with SAS 60
- Presentation of findings before the City Council
- Technical Assistance throughout fiscal year-costs included in yearly fee
- Preparation of GASB34 Financial Reports
- Preparation and filing of Michigan Department of Transportation Act 51 schedules and reporting

**I. Background**

The City of Keego Harbor was established in 1955. The City provides a full range of municipal services, including administration and finance, street construction and maintenance, parks operations, construction, and maintenance, waste removal & recycling, planning and community development, and public safety services. The City operates under a City Manager, and the guidance of City Council. The Council is composed of five elected members and the position of mayor is appointed within City Council. The City Manager is responsible for all City functions. The Finance Director maintains all financial records. The City of Keego Harbor has twelve funds: the General Fund, Major Street Fund, Local Street Fund, Tax Increment Finance Authority Fund, General Debt Service Fund, TIFA Debt Service Fund, Capital Projects Fund, City Hall/DPW Construction Fund, Agency Fund, Current Tax Collection Fund, Payroll Imprest Fund, and GASB 34 Fund.

## **II. Auditing Standards**

The financial statements are prepared to conform fully to Generally Accepted Accounting Principles (GAAP) and to be in full compliance with the

Pronouncements of the Governmental Accounting Standards Board (GASB) and all federal and state statutes. The auditor's opinion will be directed toward the fairness of presentation of the financial statements in accordance with GAAP. The auditor will also provide all compliance reports as required under Federal and State law.

## **III. Audit Period and Term of Engagement**

The proposal is for three years, with separated audits each year. The periods to be audited are the fiscal years ending June 30, 2009, 2010, and 2011. It is the intent of the City Council to negotiate a three-year contract with the second and third year contingent upon successful completion of the first year of the contract as determined by City Officials and City Council.

## **IV. Scope of Work**

The annual audit shall begin no later than sixty (60) days after the close of the fiscal year. The Auditor will, as a part of this engagement, conduct the following activities utilizing the appropriate standards noted in Section II:

- A. Plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud.
- B. Perform tests of documentary evidence supporting the transactions recorded in the accounts, which may include tests of the physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions;
- C. Perform tests of the City's compliance with applicable laws and regulations and the provisions of contracts and agreements;
- D. Review the internal accounting controls of the City to the extent necessary to evaluate the system as required by applicable standards;
- E. Issue a Management Report making recommendations for improvement;
- F. Inform the City Manager and Finance Director/Treasurer of any matters involving internal control and its operation that the Auditor considers to be reportable conditions under standards established by the American Institute of Certified Public Accountants;

- G. Meetings and Progress Reports: 1.) Pre-audit conference(s) with City Management and accounting staff will be held to discuss audit schedules, working paper requirements, and report deadlines, as well as the audit program. 2.) Progress report meetings will be held with key audit firm personnel and City financial management staff at regular intervals mutually agreed upon. 3.) Post audit conference(s) with City management and key audit personnel will be held at a mutually agreeable date. 4.) Audit firm management will present the financial report and management letter to City Council each fall when the audit is completed. As well as provide an oral and written presentation at the agreed upon Council meeting.
- H. Technical Assistance: As part of the overall audit contract, the City expects to receive from the audit firm a variety of technical assistance throughout the fiscal year, including answers to accounting, reporting, and/or internal control questions.
- I. Additional Services: proposals should contain provisions for dealing with extraordinary circumstances discovered during the audit that may require an expansion of audit work beyond that which was originally planned. In addition, the audit firm may be requested to perform special projects for the City during the year. Proposals should describe the types of services available from the firm, the professionals who would provide them, and the standard hourly fees to be charged for such services.

## **V. Mandatory Requirements**

The audit firm must meet the following mandatory requirements: Contractor must be registered to do business in the State of Michigan; Principal Auditor must be a Certified Public Accountant qualified to perform municipal audits in the State of Michigan; Contractor must have experience in performing municipal audits in accordance with auditing standards generally accepted in the United States of America, preparing financial statements compliant with GASB34 and Michigan Budget Laws.

## **VI. Proposal Requirements**

The proposal should demonstrate that the firm can furnish the services in a manner that will be cost effective for the City of Keego Harbor. Those proposals, which do not contain all information required by this RFP or are otherwise non-responsive, may be rejected immediately; however the City has discretion to accept a proposal that does not conform with all RFP requirements if the City determines that the non-compliance is not substantial or material. If a proposal is unclear, or appears inadequate, the City may, at its discretion, give the firm an opportunity to explain how the proposal complies with the RFP.

The proposal must contain at least the following information:

- A. Name(s) and title(s) of the person(s) authorized to submit the proposal and execute the personal services agreement.
- B. A letter, submitted on the firm's letterhead and signed by the corporate agent, owner, or principal, describing how the firm satisfies the mandatory requirements noted above and the firm's experience in performing municipal auditing in the State of Michigan.
- C. A history of the firm as a business or entity, including information that demonstrates the firm's financial stability and entity stability.
- D. Resumes of all audit team members, including tenure with the firm, title, degrees and certificates, and municipal audit experience. The audit team leader should be identified.
- E. A list of at least five (5) clients who can be contacted, complete with a description of the work performed for the client and the client's address, phone number and email. At least three (3) of the clients must be public entities.
- F. A proposed work schedule and work plan for completing the audit. The work schedule should be structured so as to deliver the audit to the City Council no later than October 1.
- G. A fee schedule and estimated project cost, including out-of-pocket expenses and the estimated hours each audit firm employee is expected to spend annually on the audit.
- H. Your firm's billing rates for any applicable classifications of professional personnel and the method used in charging for any special requests, reports, or broadening of the scope of work.
- I. A copy of the firm's model/standard letter of engagement.
- J. A sample of a management report recently issued covering an audit that has similar services and comparative size to the City of Keego Harbor.
- K. Any additional information that supports the scope of work to be provided as set forth above.

Proposers may submit additional questions and clarification requests to Dorothy Silver, Finance Director/Treasurer at [fdtreasurer@keegoharbor.org](mailto:fdtreasurer@keegoharbor.org) or by phone at 248-682-1930. Proposers shall refrain from initiating contact with City representatives other than Mrs. Silver for the purposes of obtaining information for use in preparation of proposals. Firms may modify or withdraw their proposals at any time prior to the closing date by providing a written request for modification or withdrawal to the City of Keego Harbor.

## **VII. Evaluation of Proposals**

Proposals will be evaluated based on the scope of work and submission requirements listed above to determine which firm best meets the needs of the City. After meeting these requirements, the following factors will be used to evaluate proposals:

- A. Quality and comprehensiveness of the audit approach
- B. Experience and knowledge with GASB 34 reporting requirements and auditing standards identified in Section II.
- C. Qualifications and experience of the firm and the members assigned to the City's engagement.
- D. Ability to provide a comprehensive range of auditing and financial services.
- E. References and past experience
- F. Audit service costs

## **VIII. Proposal Submission**

Submit to "City of Keego Harbor, Audit RPF" via US Mail or hand delivery in a sealed envelope. Proposals will be accepted until noon on Friday, February 06, 2009. Proposals received after the deadline will not be considered. It is the responsibility of the responding firm to insure that the proposal arrives on time at the right location. All proposals must be presented in a clearly marked package or envelope bearing the address:

City of Keego Harbor  
Audit RFP  
PO Box 665  
2025 Beechmont  
Keego Harbor MI 48320-0665

Responding firms must include nine (9) copies of the completed proposal and other pertinent information. All services requested should be addressed. If a firm cannot provide a service, it should be clearly noted within the proposal.

The City of Keego Harbor reserves the right to reject any or all proposals or to negotiate with responding firms any improvements or clarifications regarding specific portions of the proposal.