



Notice of Request for Qualifications

The City of Ingleside is requesting qualification for the designation of a firm of Independent Certified Public Accountants for the purpose of conducting the audit of the City's Financial Statements for the City of Ingleside. Please submit your qualifications to the City of Ingleside, City Manager, P O Drawer 400, Ingleside, TX 78362, marked "Auditors Qualifications". A copy of the requested qualifications may be obtained for the City website (www.inglesideTX.gov). Qualifications must be received no later than 10:00 a.m., Friday, September 28, 2018 to be considered. No electronic submissions will be accepted. The City of Ingleside reserves the right to negotiate with any and all firms submitting qualifications.

**CITY OF INGLESIDE
REQUEST FOR QUALIFICATIONS
ANNUAL FINANCIAL AUDIT
August 28, 2018**

The City of Ingleside is requesting qualifications from public accounting firms to perform the annual audit for fiscal years 2017-2018, 2018-2019 and 2019-2020.

I. BACKGROUND INFORMATION

The 2016-2017 annual report of the City of Ingleside may be found on the City's website: <http://inglesidetx.gov>.

The 2017-18 budgeted expenditures for all City of Ingleside Funds are approximately \$17,000,000. The budget is also posted on the City's website.

A. Purpose of the Audit

The purpose of the Request for Qualifications is to obtain the services of a public accounting firm for the annual audit for fiscal year 2017-2018. The organization-wide audit will encompass the financial statements as required by all applicable GASB Statements. The audit is to be performed in accordance with generally accepted auditing standards and generally accepted government auditing standards promulgated by the Comptroller General of the United States.

The financial statement audit is to determine whether:

- (1) The financial statements present fairly the financial position, results of operations, and cash flows or changes in financial positions in accordance with generally accepted accounting principles; and
- (2) The City has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements.

The financial related audit will also include determining whether:

- (1) Financial reports and related items are fairly presented;
- (2) Financial information is presented in accordance with established or stated criteria; and
- (3) The City has adhered to specific financial compliance requirements.

As part of the audit of the general purpose financial statements, the annual audit will also include obtaining an understanding of the City's internal control and reporting any reportable conditions relating to the internal control systems coming to the attention of the auditors.

B. Other Requirements

1. The accounting firm should provide an annual audit report in a form acceptable to the Governmental Accounting Standards Board.
2. Due to staff workload, the City can only provide substantially completed financial statements for each fund as well as supporting schedules for auditor review at the close of the fiscal year. All statements and schedules are typically available by mid-December.
3. The City intends to sell bonds from time to time, which may require the audited financial statements and Auditor's Opinion to be printed in total, or as a part of the section of or addendum to the Official Statement for bond issues. Also, certification may be required for Reserve Balances at a point in time other than year end.
4. It is requested that the interested accounting firm include a detailed description of each step in the audit approach that will be taken in the audit engagement including estimated hours for each.
5. The firm, upon being awarded this engagement, will be expected to review the detailed audit work plan and schedule with the Finance Director, prior to commencing the audit assignment.
6. 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 auditors from the Texas Water Development Board, The General Accounting Office, or other applicable governmental agencies.
7. The auditor, in conjunction with its financial audit, shall perform a compliance audit of management controls on investments and adherence to the Investment Policy.

C. Independent Auditor

The interested accounting firm must demonstrate the capability to perform the annual audit in accordance with generally accepted government auditing standards and meet standards of independence of the United States General Accounting Office (GAO).

D. Term of the Audit Engagement

The contract for audit services based upon City Council approval of the proposal will be for the fiscal years ending September 30, 2018, 2019 and 2020.

E. Dispute Resolution

Disputes concerning the terms of contracted services that cannot be resolved may be brought before an independent mediation center, whose decision will be binding upon both parties.

II. PROPOSAL CONTENT

A Cover Letter

See conditions for submission of proposal in Section III.

B. Technical Component

To describe clearly the public accounting firm's understanding of the work to be done, the interested accounting firm will:

1. Provide a definition of the term "generally accepted government auditing standards" with clear distinctions between these standards and generally accepted auditing standards for nongovernmental engagements;
2. Explain the interested accounting firm's approaches to performing an annual audit, including the methodology, nature, timing and extent of audit procedures to be performed;
3. Describe how the approach to performing the audit would be affected if this were a multiyear contract; and
4. Make a statement concerning the independence of the interested accounting firm, including direct and indirect financial interest, and the relationship of the proposed audit team to employees of the City and any of the City Council members.

C. Management Component

The interested accounting firm will furnish satisfactory evidence of capability to provide in a professional and timely manner the services stated in the Request for Qualifications. To meet this requirement:

1. Provide the name of the external quality control review organization of which the interested accounting firm is a member and the interested accounting firm's length of membership. Also, state the review organization's planned frequency of peer reviews;
2. State whether the firm has received a peer review, and whether in the most recent review an unqualified report was issued;
3. State whether the interested accounting firm is a national, regional or local public accounting firm;

4. Provide evidence that the interested accounting firm has experience in performing government audits. List current and past audit clients along with the names and telephone numbers of contact persons and number of years audit services were provided. State the annual operating expenditure budget of the governments on the list;
5. State whether the interested accounting firm is currently under the terms of a public or private reprimand by the Texas State Board of Public Accountancy and licensing Boards of other states;
6. Describe the proposed audit team, in terms of job positions in the firm;
7. List names of staff member(s) who will direct the overall audit throughout the duration of the engagement as well as those staff members who will be responsible for planning, directing, and conducting substantial portions of the fieldwork or reporting on this audit engagement. Include the educational background of all staff members named and professional licenses held;
8. Describe continuing professional education in governmental accounting and auditing received by the proposed audit team during the last two years;
9. Provide the names and qualifications of any needed outside specialists and consultants who will assist the interested accounting firm's staff members;
10. Describe staff rotation plans for audit team members if this is to be a multi-year contract;
11. Describe the level of assistance that will be expected from City personnel; and
12. Provide evidence of the ability to comply with the requirements in Sections II and VI of the Request for Qualifications.

D. Task/Activity Plan and Total Billing

The interested accounting firm will specify budgeted hours, time lines and sequence for audit procedures, and names of staff to be assigned. Anticipated total billing charges to complete the engagement for the September 30, 2018 audit must be included. A statement of how these amounts would change for the subsequent years is also required.

E. Evaluation – Criteria used for evaluating the firm are shown in Attachment A.

III. CONDITIONS FOR SUBMISSIONS OF PROPOSAL

All qualifications in response to this request must meet the following conditions to be considered:

- A. Qualifications must include a cover letter clearly stating the name of the firm and the name, address, and telephone number of the interested accounting firm's representative;
- B. Qualifications must address each of the audit requirements as stated in this Request for Qualifications;
- C. The City reserves the right to reject any and all qualifications, and to negotiate portions thereof. Qualifications that address only part of the requirements contained in this Request for Qualifications will not be considered;
- D. The City reserves the right to select any proposal, considering the quoted estimated fee and other factors;
- E. The interested accounting firm shall furnish such additional information that the City may reasonably require;
- F. The City will not be liable for any cost incurred in the preparation of qualifications;
- G. The City may ask interested accounting firms to send a representative for an oral interview prior to City Council approval of a proposal. The City will not be liable for the costs incurred by the interested accounting firm in connection with such interview;
- H. The City and interested accounting firms may enter into discussions and revisions of proposal, as necessary. Discussions/negotiations may be conducted with interested accounting firms who are deemed to be within the final competitive range; however, the City of Ingleside reserves the right to award a contract without discussions/negotiations. The best and final proposal may be required as early as 24 hours after completion of negotiations/discussions;
- I. Qualifications must be signed by an individual authorized to contractually bind their firm when submitting the Qualifications. Failure to sign the Qualifications will be considered as a "mistake in Qualifications", and the Qualifications will be rejected as "non-responsive";
- J. By submitting a proposal, the interested accounting firm affirms that its company, corporation, firm, partnership or individual has not prepared this proposal in collusion with any other bidder and that the contents of this proposal as to prices, terms, or conditions have not been communicated by the undersigned or by any employee or agent to any other person or firm engaged in this type of business prior to the official opening of this proposal;

- K. Upon notification of potential selections for award, the person or entity submitting this proposal must give notice to the City if the person or an owner or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in this conviction of a felony (this requirement does not apply to a publicly held corporation);
- L. In the event that any one or more of the provisions contained in this Request for Qualifications (or resulting purchase order) shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such provisions shall not affect any other provision hereof, and this Request for Qualifications (or any resulting purchase order) shall be construed as if the invalid, illegal or unenforceable provision(s) had never been contained herein.

IV. PROCEDURES FOR SUBMITTING PROPOSALS

A. Delivery

Responses to the Request for Qualifications should be addressed to:

Kimberly Sampson, City Secretary
City of Ingleside
2334 Hwy 361, Suite 162
P. O. Drawer 400
Ingleside, Texas 78362

Qualifications must be received no later than 10:00 a.m., September 28, 2018.

Qualifications received after the time and date specified above will not be considered and will be filed unopened. Oral or telegraphic qualifications transmitted via the City's facsimile machine are not acceptable. Qualifications must be submitted to the City in a sealed envelope clearly labeled "Auditors' Qualifications"

DO NOT FAX YOUR QUALIFICATIONS!

B. Number of Copies of Qualifications

Submit four (4) copies of the qualifications. The qualifications are to be bound and sealed.

V. ASSISTANCE TO PROPOSERS

Any person wishing to obtain additional information about the Request for Qualifications or about the operations of the City may contact:

Lbarker@inglesideTX.gov, Interim Finance Director, City of Ingleside

The City will only respond to questions submitted via email. The City will send addendums to the RFQ to potential accounting firms via email. Emails should contain firm contact name, address and email address.

VI. STATEMENT OF REQUIREMENTS

- A. The independent auditor will provide ten (10) bound copies of the final comprehensive annual financial report.
- B. A preliminary draft of the audit report(s) will be presented to the City prior to submission of the final draft. Timing of the submission must allow City personnel sufficient time to review the report.
- C. Satisfactory delivery of the services specified by the Request for Qualifications and the engagement letter shall be accomplished no later than the last February meeting of the City Council (4th Tuesday).
- D. The independent auditor will be required to present the audit report to the City Council on or before a March meeting of the City Council. If additional year options are activated, the audit report must be delivered with similar timing in subsequent years.
- E. The independent auditor shall provide a management letter containing comments oriented toward constructive improvements as deemed necessary by the independent auditor. Copies of selected audit working papers will be provided as requested by the City and as provided for in the engagement letter. If a management letter is issued the auditor will provide the City three (3) copies.

VII. PROPOSED SCHEDULE

- A. Qualifications Timing:
 - Questions/clarifications on requirements due to City September 14, 2018
 - Qualifications due to the City September 28, 2018
 - Approval (or rejection of all) by City Council October 9, 2018

B. Audit Timing (<i>subject to change</i>):	
Start interim field work	November 1, 2018
Start final field work	December 15, 2018
Draft financial statements and management letter due to Finance Director for review	January 27, 2019
Presentation of issued financial statements and report to City Council	February 19, 2019

VIII. CITY COUNCIL APPROVAL

The City Council expects to engage an audit firm for three years. However, the City Council expressly reserves the right to reject all submissions and to review the relationship on an annual basis and to formally approve each year's extension. The City of Ingleside reserves the right to cancel any contract resulting from this Request for Qualifications at any time, for any reason (or for no reason) with a thirty (30) day written notice to the firm. The firm may cancel any resulting contract, at any time for any reason, or for no reason with a sixty (60) day written notice.

Any notice required or permitted to be delivered to the firm shall be deemed to be delivered when mailed by registered or certified mail, return receipt requested, postage prepaid, and addressed to the bidder's address appearing on the face of the Request for Qualifications (or as subsequently revised or changed). Any compensation due the firm will be limited to items received and/or services performed and accepted by the City. It is possible that the City Council could terminate the relationship at any time. However, the City Council does not desire or expect that to be the case and assumes that a continuing and satisfactory relationship will be the experience.

XI. OTHER INFORMATION

- A. Auditors will be allowed to work on site after 5:00 p.m. and on weekends if necessary and desirable. However, it cannot be guaranteed that staff will be available to answer questions at those times. Arrangements should be made in advance if these after-hours periods are necessary.
- B. The City Council will pass a motion accepting the written proposal as the understood agreement for services performed and other commitments.

EVALUATION WORKSHEET

This worksheet is to be used to document the City's evaluation of the interested accounting firms' qualifications. Points within the ranges specified are to be assigned to the below-listed criteria as a means for quantifying the relative strengths and weaknesses of the various qualifications. In the event that oral interviews are necessary to break a tie or for making final clarification in the evaluation process, additional points may be awarded. It should be understood that while the total score is a significant factor, the City reserves the right to consider other factors in making a final selection.

PROFESSIONAL QUALIFICATIONS

The evaluation of professional qualifications of the interested accounting firms will be based on the following criteria:

I. Mandatory Criteria

Qualifications will not be considered for further evaluation unless there is compliance with all of the following criteria:

- A. The interested accounting firm must be an independent auditor properly licensed for public practice;
- B. Must meet the independence standards of Government Auditing Standards, United States General Accounting Office (GAO);
- C. Must not have a record of substandard work; and
- D. Must submit a proposal meeting all of the requirements of the Request for Qualifications.

II. Technical Criteria Points

Qualifications which have met each of the criteria in Section I above will be evaluated on the following criteria:

- A. Technical experience of the firm:
 1. Auditing experience in Texas cities (0-25) _____
 2. Auditing experience in other government entities (0-5) _____
- B. Characteristics of the staff, including consultants to be assigned to the audit:
 1. Size and structure of the firm, including audit staff positions (0-5) _____
 2. Qualifications of supervisory personnel, consultants, and the field audit team (0-20) _____

3. General direction and supervision to be exercised over the audit team by the firm's management personnel (0-15) _____

C. Clear understanding of the work to be performed:

1. Comprehensiveness of the audit work plan (0-5) _____

2. Realistic time estimates of each major segment of the work plan, and the estimated number of hours for each staff level including consultants assigned (0-10) _____

D. Total Fee (0-15) _____

Total Technical Points (100 max) _____

III.. Oral Interviews (If Necessary)

Interview Points Awarded (0-15) _____

Total Points (115 max) _____