

**NOTICE  
REQUEST FOR PROPOSAL  
Professional Audit Services - Proposal No. 2019-03**

The City of Rollingwood, Texas, hereinafter referred to as "the City", is soliciting proposals for Professional Audit Services from qualified firms of certified public accountants to audit the City's financial statements for the fiscal years ending September 30, 2019, 2020, and 2021 with the option of auditing the City's financial statements for two (2) subsequent fiscal years.

Proposals should be directed to the attention of Amber Lewis, City Administrator, and clearly labeled in a sealed package. Mark envelope: "Proposal No. 2019-03 – Professional Audit Services for the City of Rollingwood". Respondent's name and address must appear on the outside of the envelope. Nine (9) copies and one electronic version of the proposal must be submitted by 4:00 p.m. CST on Thursday, May 23, 2019 to the following address:

Submit Proposal to:  
**Rollingwood Municipal Building  
403 Nixon Drive  
Rollingwood, Texas 78746  
Attn: Amber Lewis, City Administrator**

All proposals must be received at the designated location by the deadline shown. Proposals received after the deadline will not be considered for the award of the contract, and shall be considered void and unacceptable.

The City of Rollingwood reserves the right to reject any and all proposals and to waive any informality in proposals received.

RFP documents are available for review/inspection or can be picked up during regular business hours at City of Rollingwood City Hall, 403 Nixon Drive, Rollingwood, Texas. RFP documents can be accessed electronically on the City's website at, [www.rollingwoodtx.gov](http://www.rollingwoodtx.gov).

If you have any questions about the RFP, please submit your inquiries in writing, preferably via e-mail no later than 4:00 p.m. on May 9, 2019.to:

Amber Lewis, City Administrator  
[alewis@rollingwoodtx.gov](mailto:alewis@rollingwoodtx.gov)

**City of Rollingwood,  
Texas Request for  
Proposal Professional  
Audit Services**

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## 1. INTRODUCTION

**1.1** The City of Rollingwood, Texas (the City) is soliciting proposals from qualified firms of certified public accountants to audit its financial statements. The term of the audit contract will be for three (3) years, with an optional renewal for one (1) two-year term, not to exceed a maximum contract period of five (5) years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the federal Single Audit Act of 1996, as amended, and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments*.

**1.2** There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals to respond to this request.

**1.3** During the evaluation process, the City reserves the right, where it may serve the City'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, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

**1.4** The City 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 RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

**1.5** It is anticipated that a firm will be selected at the City Council meeting on Wednesday, June 19, 2019.

**1.6 Term of engagement.** A three-year contract, with an optional one-time two-year extension, is contemplated, subject to the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm) and concurrence of the City Council and the annual availability of appropriation. The total term of the engagement will not exceed five (5) years.

## 2. CALENDAR OF EVENTS

The following is a proposed calendar of events for the auditor selection. Dates are subject to change.

Event	Date
Request for Proposals Published	Thursday, April 18, 2019
Due Date for Clarification of Requirements	Thursday, May 9, 2019
Final Date for Submitting Proposal	Thursday, May 23, 2019 at 4:00 p.m.
City Council Approval of Contract and Interviews (Tentative)	Wednesday, June 19, 2019

### 3. CRITERIA FOR EVALUATION

**3.1** The City Council will review the submitted proposals. The recommendation will be based on the proposal determined to be most advantageous on behalf of the City and the taxpayers.

**3.2** The City Council may interview the top firms chosen. The City Council may also request to interview the top firms.

**3.3** While the City desires to achieve a cost effective audit, the emphasis is on quality, not low fees. However, the estimated fees and proposed hourly rates will be the basis upon which a final contract is negotiated.

**3.4** The following additional evaluation criteria will be considered in the evaluation process:

- **3.4.1** The audit firm is independent and licensed to practice in the State of Texas;
- **3.4.2** The audit firm's professional personnel have received adequate continuing professional education within the preceding two years; and
- **3.4.3** The firm has no conflict of interest with regard to any other work performed by the firm for the City.

### 4. SCOPE OF AUDIT SERVICES REQUIRED

**4.1** The City desires the auditor to express an opinion on the fair presentation of the City's general purpose financial statements in conformity with generally accepted accounting principles.

**4.2** The City 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.

**4.3** The City desires the auditor to compose the Management's Discussion and Analysis as part of the audit report.

**4.4** To meet the requirements of this RFP, the audit should be performed in accordance with Generally Accepted Auditing Standards (GAAS) as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of the Single Audit Act of 1996, as amended, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Additionally, the single audit work will be conducted in accordance with generally accepted governmental auditing standards to meet all federal grant audit requirements.

**4.5** The City also desires the auditor to provide a written assessment of internal controls as part of the audit process once every 5 years.

**4.6** The auditors should submit a list of requested client-prepared schedules to the City's Finance Manager prior to the start of fieldwork. Because the accounting division must carry on its normal operations during the audit, time constraints should be taken into account.

**4.7** The financial statements of the Rollingwood Community Development Corporation are included as component units of the City. The Rollingwood Community Development Corporation is included within the scope of the City's annual audit.

**4.8 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 three (3) 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 to the City, upon request.

## 5. DESCRIPTION OF THE CITY

**5.1 Description of the City.** The City of Rollingwood is located directly adjacent to the city limits of Austin and Westlake Hills and is in close proximity to downtown Austin and the University of Texas. Incorporated in 1955, the City has the warmth and charm of a small town neighborhood. Large, sprawling lots with rolling topography and live oaks aplenty add to its attraction. Contributing to Rollingwood's outstanding quality of life are the City's low crime rate, superior school district, and desirable location.

The City of Rollingwood has a population of approximately 1,500 people. It is a Type A, General Law City with a Mayor-Council form of government. The City Council consists of the Mayor and five alderpersons elected at-large to staggered, two-year terms. Annually, the City Council selects one of its members to serve as Mayor Pro Tempore.

The City Administrator is responsible for the administration of City affairs and is assisted by an executive team, which includes a City Secretary, Director of Public Works, Chief of Police, Finance Manager, and Municipal Court Clerk. The City has approximately 18 full-time employees.

**5.2 Fiscal Year.** The City's fiscal year begins on October 1 and ends of September 30 of the following year.

**5.3 Inquiries.** The City's day-to-day working relationship with the independent auditors will be coordinated by Abel Campos, Finance Manager. Inquiries regarding the RFP may be addressed by phone at 512-327-1838, by facsimile at 512-327-1869, or preferably, by email at [alewis@rollingwoodtx.gov](mailto:alewis@rollingwoodtx.gov). Inquiries should be conducted during normal business hours, Monday through Friday. Inquiries to any person other than the persons so named in this RFP may result in elimination of the proposal from any further consideration.

**5.4** More detailed information about the City and its finances can be found in prior audits and budgets. These are available to the proposers upon request or on the City's website at [www.rollingwoodtx.gov](http://www.rollingwoodtx.gov).

**5.5** The City prepares its budgets on the modified accrual basis of accounting for all funds. The City will require assistance in the calculation of current and accumulated depreciation.

**5.6** During the fiscal year(s) to be audited, the City may receive the following grants and/or financial assistance: Texas Department of Parks and Wildlife, Federal Criminal Justice Division grants, Federal Emergency Management Agency (FEMA), and the State of Texas.

**5.7 Pension Plans.** The City participates in the Texas Municipal Retirement System.

**5.8 Availability of prior audit reports and working papers.** Interested proposers who wish to review prior years' audit reports and management letters should contact the person so named in this RFP. The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this RFP.

**5.9 Computer Systems.** The City currently uses Abila for the City's information, AVR via a third party for utility billing, and Tyler Technologies Incode for the Municipal Court.

## 6. SUPPLEMENTARY INFORMATION

**6.1 Implementing New Accounting Standards.** The auditor's assistance and consultation will be required in implementing new GASB and FASB statements at the earliest possible date, even if prior to the required effective date.

### **6.2 Management Letter.**

- **6.2.1** The auditor will communicate in a letter to management any reportable conditions found during the audit. A reportable condition is defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the City'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 should be identified as such in the report.
- **6.2.2** The management letter will be presented on or before February 28 to the City Council. However, all significant management recommendations should be discussed with the Finance Manager and City Administrator as they are discovered, so that the City can ensure immediate correction of any problems. An interim management letter may be requested depending on the nature of findings.

**6.3 Single Audit.** The single audit will cover all federal and state grants and/or funding. Final products will include:

- **6.3.1** Supplemental schedule of federal and state financial assistance;
- **6.3.2** Report to internal control systems and on administration of federal and state financial assistance; and
- **6.3.3** Report on compliance with laws and regulations.

**6.4** The auditor will be required to provide a supplemental schedule of contributions to the Texas Municipal Retirement System – Other Post-employment Benefits (OPEB).

**6.5 Working papers and Time Budgets.** The City may require copies of all major working papers. The audit working papers will be made available to the City, to subsequent auditors, and to the City's cognizant federal and state audit agencies at no charge.

**6.6** The audit time budget will be reviewed with the Finance Manager prior to commencement of field work. An accounting of hours devoted to the job compared to budget will be submitted to the Finance Manager on or before February 28, or before final payment is made by the City.

**6.7 Insurance Requirements.** - See Appendix II.

**7. AUDIT QUALIFICATIONS & QUESTIONS**

**7.1** The City realizes that the audit firm may have local government audit and consulting expertise nationally. While this is important, the City is most interested in local government expertise available in the "local office." The local office is defined as the office from which the audit engagement will be managed and primarily staffed.

**7.2** The following items should be answered and/or discussed in the RFP:

- **7.2.1** A brief statement as to why the proposing firm is qualified to provide auditing services to the City of Rollingwood. Proposer's response may include the firm's strengths, the local office's strengths and the firm's audit philosophy.
- **7.2.2** Detail the firm's overall qualifications and abilities to meet the specific requirements of this proposal including the size of the firm, the number of offices, and the number of partners and staff in the local office.
- **7.2.3** Identify which local office would be assigned to this engagement and list the qualifications and background of the personnel who will be directly involved with this audit. Include the names of the partners, managers, and staff that will be assigned to the City engagement. Describe the experience of personnel and include resumes as an appendix.
- **7.2.4** Provide a list of local government clients served by the local office in the past five years and give a contact name, telephone and email address for each. Please designate which are current clients.
- **7.2.5** Describe any disciplinary action imposed on the local office by the AICPA, state board, state society, or SEC during the past five years.
- **7.2.6** Describe the results of your firm's and local office's most recent peer review and its status under the AICPA peer review program.
- **7.2.7** Disclose any relationships that may exist between the City and the management and members of the firm which might impair the firm's independence.
- **7.2.8** Describe the firm's policy in rotating partners and managers and discuss the audit staff turnover that has occurred in the local office due to resignations or terminations in the past 24 months. Disclose the firm's policies regarding staff education and development.
- **7.2.9** Outline the audit plans for the audit work to be performed. Describe what your firm's philosophy will be with respect to the audit of the City.
- **7.2.10** Indicate the firm's agreement with respect to the Scope of Audit Services and the Supplementary Information sections. Any disagreement or deviation with these terms should be expressed in the proposal, as the City plans to incorporate the proposal into a final contract by reference.

## 8. BIDDING INSTRUCTIONS/REQUIREMENTS

**8.1 Filing.** Nine (9) copies and one electronic version of the proposal, clearly marked "Professional Audit Services Proposal", no later than **4:00 p.m. (CST) on Thursday, May 23, 2019:**

Submit Proposal to:  
**Rollingwood Municipal Building**  
**403 Nixon Drive**  
**Rollingwood, Texas 78746**  
**Attn: Amber Lewis, City Administrator**

**8.2 Responses.** The proposing firm uses this RFP form as the OFFICIAL PROPOSAL to submit information and to answer questions. Any alterations, changes or deletions to this RFP may be grounds for the City to disregard and reject the entire proposal. Attachments are acceptable and recommended if specifically identifiable and appended.

**8.3 Additional information.** The City reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the proposal before and after submission, any and all of which may be used in forming a recommendation.

**8.4 Rejections.** The City reserves the right to reject any and all proposals and to accept the proposal deemed most advantageous to the City.

**8.5** The first page of the proposal should indicate the name and address of the local office and the name, phone number and email address of a person(s) to contact with questions and to set up an interview.

**8.6** Proposals must contain a table of contents and should include the answers to each question in the Auditor Qualification and Questions section. Please number the answers corresponding to the questions and/or requests in this RFP.

**8.7** The resumes of key personnel should be included as an appendix to the proposal. The proposing firm will designate and commit individuals to perform the audit work. At a minimum, the Audit Partner, Manager, Site Supervisor and Direct Support Staff should be provided.

**8.8** No replacements or substitutions of the above positions shall be permitted without the City's knowledge and consent.

**8.9** Any additional data may be included in the proposal at the proposer's discretion. Please include such material as an appendix.

**8.10 Selection.** The final selection of an audit firm will be made by the Rollingwood City Council.



**8.11 Specific audit approach.** The proposal should set forth a work plan, including explanation of the audit methodology to be followed, to perform the services as specified in this RFP. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. In addition, proposers are required to provide the following information on their audit approach:

- **8.11.1** Proposed segmentation of the engagement;
- **8.11.2** Level of staff and number of hours to be assigned to each proposed segment of the engagement;
- **8.11.3** Sample sizes and the extent to which statistical sampling is to be used in the engagement;
- **8.11.4** Type and extent of analytical procedures to be used in the engagement;
- **8.11.5** Approach to be taken to gain and document an understanding of the City's internal control structure;
- **8.11.6** Approach to be taken in determining laws and regulations that will be subject to audit test work; and
- **8.11.7** Approach to be taken in drawing audit samples for purposes of tests of compliance.

**8.12 Sealed dollar cost bid.** The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive (not to exceed) maximum price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses.

- **8.12.1** The sealed dollar cost bid should include:
  - a. Name of Firm
  - b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the fee estimate and authorized to sign a contract with the City
  - c. A total all-inclusive maximum price for each of the fiscal years ending September 30, 2019, 2020, and 2021 for a Single Audit.
  - d. A total all-inclusive maximum price for each of the fiscal years ending September 30, 2019, 2020, and 2021 for the Rollingwood Community Development Corporation annual financial report.
  - e. A total all-inclusive maximum price for the preparation of the City audit (including notes to the financial statements) and identify the fee for out-of-pocket expenses, separately, for each of the fiscal years ending September 30, 2019, 2020, and 2021.
  - f. Include a time budget by employee classification for the audit
  - g. Method to be employed to calculate future year audit costs (i.e. for the additional two-year extension option).

**8.13 Rates for additional professional services.** If it should become necessary for the City 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 should be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates as specified herein.

**8.14 Method 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 cost proposal. Interim billings shall cover a period of not less than a calendar month.

**8.15** The contents of the proposals will be considered confidential information by the City, during the evaluation process. However, upon final award of the contract by City Council, all proposals will be available to the public for review and inspection.

**8.16 Work area, telephones, photocopying and fax machines.** The City will provide the auditor with reasonable work space, desk and chairs. The auditor will also be provided reasonable access to appropriate telephones, photocopying and FAX machines and internet connections.

**8.17 Warranties.**

- **8.18.1** Proposer warrants that it is willing and able to obtain an errors and omission insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employee or agencies thereof.
- **8.18.2** Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City.

APPENDIX I

Work Schedule

<u>Date</u>	<u>Description of Events</u>
September 30, 20YY	End of City's fiscal year
November 15, 20YY	Initial financial statements available to auditor; General ledger close by the City
December 31, 20YY	Completion of audit field work and proposed adjusting entries submitted to the City
January 31, 20YY	Audit opinion and annual financial report draft completed by auditor
February 15, 20YY	Audit opinion and annual financial report draft presented to Finance Manager and City Administrator
February 28, 20YY	Audit opinion and annual financial report presentation to City Council

APPENDIX II

CITY OF ROLLINGWOOD CONTRACTOR INSURANCE REQUIREMENTS

Contractors providing goods, materials and services for the City of Rollingwood, Texas shall, during the term of the contract with the City or any renewal or extension thereof, provide and maintain the types and amounts of insurance set forth herein. All insurance and certificate(s) of insurance shall contain the following provisions:

1. Name the City, its officers, agents and employees as additional insured as to all applicable coverage with the exception of workers compensation insurance.
2. Provide for at least thirty (30) days prior written notice to the City for cancellation, non-renewal, or material change of the insurance.
3. Provide for a waiver of subrogation against the City for injuries, including death, property damage, or any other loss to the extent the same is covered by the proceeds of insurance.

Insurance Company Qualification: All insurance companies providing the required insurance shall be authorized to transact business in Texas and rated at least "A" by AM Best or other equivalent rating service.

Certificate of insurance: A certificate of insurance evidencing the required insurance shall be submitted by the successful Offeror prior to contract execution. If the contract is renewed or extended by the City a certificate of insurance shall also be provided to the City prior to the date the contract is renewed or extended. All coverage amounts listed shall be in United States dollars.

**Type of Contract**

**Type and Amount of Insurance**

Professional Services

Professional Liability Insurance with a minimum of \$1 million per occurrence and \$2 million aggregate.

Workers Compensation insurance as required by state law.

**Notice**

The Contractor shall notify the City in the event of any change in coverage and shall give such notices not less than 30 days prior the change, which notice must be accompanied by a replacement CERTIFICATE OF INSURANCE. All copies of the Certificates of Insurance shall reference the project name or RFP number for which the insurance is being supplied.