

City of Milford
201 S. Walnut Street
Milford, DE 19963



Request for Proposal
Audit Services

RELEASE: February 3, 2021

City of Milford
Request for Proposal
Auditing Services

PUBLIC NOTICE IS HEREBY GIVEN that the City of Milford will accept Proposals from consulting firms for the purpose of conducting **Auditing Services** until **3:30 PM** local time on **March 1, 2021** at which time sealed proposals will be publicly opened and read.

Interested firms shall submit three (3) copies of their submittals to:

City Clerk's Office
Attn: Terri Hudson
City Hall
201 S. Walnut Street
Milford, DE 19963

Envelopes shall be marked "RFP: AUDIT SERVICES". Any submittals received after the stated time will be returned unopened.

Following receipt of the proposals, the City Council will select the firm it deems most qualified to address the needs and conditions of this project and whose proposal is most advantageous to the City. The City reserves the right to request an interview prior to the selection of the firm. The City reserves the right to award a contract/agreement that is in the best interest of the City and may award to multiple firms or none. The award will be made by the City Council at a Council meeting open to the public. The City Council may accept or reject any or all proposals or hold all proposals for a period of ninety (90) days from the date of proposal opening prior to making a decision.

For a complete copy of the Request for Proposal, please see the City website at www.cityofmilford.com.

Teresa K. Hudson, MMC
City Clerk

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1. General Overview

The City of Milford, Delaware requests proposals from qualified certified public accounting firms for the provision of auditing services for each of the three (3) fiscal years ended June 30, 2021, 2022 and 2023, with the potential for no greater than two (2) annual extensions of one year each.

The audit(s) shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Part 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

2. Background

The City of Milford is a full-service municipal government located in both Kent and Sussex counties in the State of Delaware. The current population is estimated to be approximately 11,000. The City provides utilities (water, wastewater, and electric), public services (street maintenance, solid waste collection, and utility and tax billing), police protection, and operates and maintains parks and recreation programming and facilities.

3. Scope of Services

- A. The audit services provided shall be for the purpose of expressing an opinion on the City of Milford's basic financial statements taken as a whole, in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Uniform Guidance.
- B. Audit Services shall include examination of and reporting on the City's internal control structure, including recommendations on findings, if any.
- C. Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:
 - a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
 - b. A report on compliance and internal control over financial reporting based on an audit of the financial statements.
 - c. A report on compliance and internal control over compliance applicable to each major federal program in accordance with Uniform Guidance if required.
 - d. The Schedule of Expenditures of Federal Awards and related auditor's reports as well as the reports on compliance and internal controls, if applicable.
- D. In addition to the audit services described above, the City is requesting the following additional assistance or services:
 - a. Development of all required communications by the auditor to those charged with governance not enumerated in paragraph C

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- b. Review and communication of current and pending guidance and standards issued by the Governmental Accounting Standards Board (GASB)
- c. Annual meeting with City Council to present the annual audit results and Independent Auditors' Report
- d. Annual meeting with appropriate subcommittee of City Council to present preliminary audit findings
- e. Development and communication of a detailed audit plan, including
 - i. An audit calendar for distribution to City of Milford management and staff, including proposed dates for preliminary and final fieldwork dates
 - ii. A list of all schedules and documents to be prepared by City of Milford staff no later than thirty calendar days prior to the first day of preliminary fieldwork during the fiscal year being audited
 - iii. A list of all schedules and documents to be prepared by City of Milford staff no later than thirty calendar days prior to June 30 of the fiscal year being audited
- f. Beyond the scope of the independent financial statement audit, prepare a review of all content produced in support of the City's Comprehensive Annual Financial Report (CAFR) or equivalent annual reporting package and communicate any inconsistencies or disagreements between audited and unaudited data, including, but not limited to
 - i. Tables and schedules reported in Management's Discussion & Analysis
 - ii. Tables and schedules reported in the Footnotes to the Financial Statements
 - iii. Tables and schedules reported in any Supplementary Data sections of the CAFR or annual reporting package
- g. The firm shall deliver one (1) high-resolution, word-searchable portable document formatted (.pdf) document containing cover materials and graphics generated by the City of Milford, the Independent Auditors' Report, Management's Discussion and Analysis, all financial statements, and all related narratives and footnotes in the CAFR or equivalent annual reporting package, along with one (1) loose, unbound hard copy and twenty (20) professionally bound hard copies by the dates outlined in Section 4, Audit Completion.
- h. The firm shall deliver twenty (20) copies of its report(s) on the internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act, as may be required.
- i. The firm shall deliver a letter to City of Milford Management containing appropriate suggestions for improvement of accounting procedures and internal controls for the City's consideration. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be discussed with appropriate personnel before finalizing.

4. Audit Completion

A. Draft Report

The auditor shall transmit a draft audit report and discuss findings and recommendations with the City Manager, Finance and Accounting staff and the Mayor or the Mayor's

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designated Council representative no later than three (3) months after June 30 of the fiscal year being audited.

B. Final Report

The auditor shall transmit a completed audit report to the City Manager and Finance Director no later than two (2) weeks prior to the Council Presentation.

C. Council Presentation

The auditor shall present the Final Audit Report to the Mayor and City Council no later than four (4) months after June 30 the fiscal year being audited.

5. Fund Balances

Below are the names of the City of Milford's Major Funds, along with the amount budgeted for each for FY 2020-21:

- General Fund: \$11.0 million
- Water Fund: \$3.0 million
- Sewer Fund: \$4.4 million
- Solid Waste Fund: \$1.3 million
- Electric Fund: \$24.3 million

Additional information on the City's Funds can be found at:

<https://www.cityofmilford.com/26/Finance>

6. Content and Format

- A. A signed cover letter including an executive summary and statement of understanding.
- B. License to Practice—The audit firm and all assigned key professional staff must be certified public accountants and licensed to practice in the State of Delaware. If the firm is the successful candidate, they will need to obtain a license to practice in the City of Milford as well.
- C. Project Team—Identify the key individuals from your firm and describe each person's role on the project team and include an organizational chart.
- D. Experience—Discuss the firm's qualifications, experience, and history in performing Auditing Services. Please provide additional detail to describe the delivery of any auditing or consulting services to municipal, county or state governments or agencies operating public utilities.
- E. Please provide a list of three current or previous municipal clients as references, including names, titles, affiliations, telephone numbers, and type of consulting work performed.
- F. Please explain the data gathering and analysis method(s) to be used to accomplish the requirements of this RFP.

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- G. Provide a description of how reports will be produced, communicated/transmitted, and the type of any special software, etc. to be utilized in the performance of the agreement.
- H. Approach—Include your approach in scoping and conducting the project. Include any additional efforts that may be needed in order to ensure a successful project. Please make note of any issues you think are critical to the success of the project.
- I. Project Timetable—Submit a detailed timetable and work plan indicating tasks and time needed to complete the scope of services, including commencement date and completion date for the project. The successful firm must be prepared to undertake commencement of the project immediately upon award of the contract.
- J. Independence—The firm should provide an affirmative statement that is independent of the entity as defined by generally accepted standards/the U.S. General Accounting Office’s Government Auditing Standards.
- K. **Required Supplemental Documents:**
 - 1) Resumes of key personnel who will be working on the project
 - 2) Cost Proposal (including administrative fees or surcharges)
 - 3) A copy of the firm’s most recent peer review report, the related letter of comments, and the firm’s response to the letter of comments. Additionally, a statement whether the peer review included specific governmental engagements.

7. Selection Process and Evaluation Criteria

- A. The City of Milford is using a qualification-based selection process to comply with Delaware Code and City of Milford procurement policies. This procedure provides for an orderly process of solicitation of professional qualifications; evaluation and ranking of qualifications; establishment of a ranked list of service providers; interview selected service providers if required; and negotiation of the scope of services and fees.
- B. Firms/individuals submitting proposals, references, and supplemental documents in response to this RFP will be evaluated by the City of Milford based on the following:
 - 1) Experience working with government organizations or similar projects
 - 2) Relationships with prior clients, as demonstrated with listed references
 - 3) Examples of previous work (i.e., relevant portfolio)
 - 4) Ability to provide the project deliverables
 - 5) Cost Proposal (including any administrative fees or surcharges)
 - a) The price presented in the cost proposal must be good for 90 days to give the City enough time to review submissions. All responses to this RFP will be reviewed by the City of Milford. Three firms/individuals will be selected for interviews. The City reserves the right to reject all applications and discontinue the process if it determines that such course of action is in the best interests of the City.

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C. Scoring Procedure:

- 1) Each of the criteria outlined above will count towards an applicant's score. If all things are equal, the top two or three proposals that score the highest may be selected for interviews. Interviews, if needed, will be done via teleconference. The scoring is based on a total of 100 points. The weight of each component in the City's overall scoring matrix is outlined below:
 - a. 30 Points Experience working with similar government organizations; experience with municipal public power distribution systems and other public utility systems preferred
 - b. 10 Points Relationships with prior clients, as demonstrated with listed References
 - c. 10 Points Examples of previous work (i.e., relevant portfolio)
 - d. 25 Points Ability to meet the project deliverables and deadlines
 - e. 25 Points Cost Proposal
- 2) The City of Milford expects to evaluate proposals and provide written notification of the short-listed firms within twenty-one (21) days of receipt of submittals. The City of Milford will seek to negotiate a contract/agreement, a detailed scope of work, fee schedule, etc. with the highest ranked firm.
- 3) Written questions about the project shall be directed to the City of Milford Finance Department at Finance@milford-de.gov with a copy to Sandra Peck at SPEck@milford-de.gov by February 15, 2021. Responses to written questions will be posted by February 24, 2021.

8. Insurance

- A. As a condition of the contract, the awarded firm shall be required to provide proof that they are fully licensed, bonded and insured with the following minimum coverages:
 - General Liability, \$1 million per occurrence, \$3 million aggregate. City of Milford shall be included as a Named Insured for on-going operations and completed operations. The firm's general liability insurance shall be primary and non-contributory.
 - Auto Liability, \$1 million per occurrence. City of Milford shall be included as a Named Insured.
 - Workers Compensation, with Employers Liability limits of \$1 million/\$1 million/\$1 million. Policy should include a Waiver of Subrogation.
 - Professional Liability, \$1 million per claim or per occurrence.

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All insurance companies shall have an A.M. Best financial rating of A or better.

The selected firm shall provide an acceptable Certificate of Insurance to the City of Milford consistent with these requirements on an annual basis prior to June 30 of the fiscal year being audited.

9. Submittal Guidelines

- A. All submittals must be received by **3:30 PM** local time on **March 1, 2021** to:
City Clerk's Office
Attn: Terri Hudson
City Hall
201 S. Walnut Street
Milford, DE 19963

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- B. The City will not be liable for any costs incurred in the preparation and production of a submittal, proposal, or any work performed to the execution of a contract. All submittals, proposals and other materials will become the property of the City of Milford.
- C. All communications with the City of Milford in the preparation of the RFP will be done either in writing (letter or email) or via telephone/videoconferencing. Face-to-face meetings will not be facilitated.
- D. All information contained in this Request for Proposals and acceptable provisions of the selected firm's response will be made part of the executed agreement for services.
- E. Upon request, the submitting firm shall submit additional information as requested by the City of Milford.
- F. The City reserves the right to waive any informalities or irregularities and/or reject all proposals received as a result of this Request for Proposal; negotiate changes in the scope of work or services to be provided; conduct investigations required to determine the submitting firm's performance record and ability to perform the assignments specified as a part of this Request for Proposal; negotiate separately with any source in a manner deemed to be in the best interest of the City.
- G. If, through any cause, the contracted firm shall fail to fulfill in a timely and proper manner its obligations under this agreement, or if the firm shall violate any covenants, terms, or conditions of the agreement, then the City of Milford can cancel the contract without prejudice by giving at least five (5) days prior written notice to the firm of such termination.