

**REQUEST FOR PROPOSALS
AUDIT SERVICES**

The Borough of Naugatuck, acting by the Board of Mayor and Burgesses (the "Owner") will accept proposals for the following contract:

NAME OF CONTRACT: Audit Services
June 30, 2013-June 30, 2014-June 30, 2015

DELIVERY SITE: Borough of Naugatuck
Finance Department
229 Church Street
Naugatuck, CT 06770

Proposals will be received until:

DATE: Monday, June 10, 2013

TIME: 10:00 a.m. Prevailing Time

Submit Proposals to: Wendy Hozer
Purchasing Agent
Borough of Naugatuck
229 Church Street
Naugatuck, CT 06770

Questions on Proposals to: Wayne McAllister
Controller
Borough of Naugatuck
229 Church Street
Naugatuck, CT 06770
wmcallister@naugatuck-ct.gov
203-720-7021

Type of Bid: Sealed

Bid Security: Required Not Required **X**

Instructions: All proposers must carefully familiarize themselves with the attached specifications and any other contract documents related to the purpose and/or project.

1. INTENT

The Borough of Naugatuck (the “Borough”) is requesting proposals (“RFP”) from qualified firms of certified public accountants (the “firm”) to audit its financial statements for the fiscal years ending June 30, 2013, June 30, 2014 and June 30, 2015 with the option of auditing its financial statements for each of the two (2) subsequent two-year periods. 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 1984 (as amended) and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments, as well as requirements of the Office of Policy and Management of the State of Connecticut concerning municipal audits. The audit must comply with requirements issued by the State of Connecticut Department of Education, the Single Audit requirements of the Comptroller General of the United States, and the State of Connecticut Single Audit Act (Connecticut General Statute's sections 4-230 to 4-236).

The deadline for submission of proposals is 10:00 a.m. Monday, June 10, 2013, in the Office of the Purchasing Agent, 229 Church Street, Naugatuck, CT 06770. Delivery of an original and four (4) copies of the proposal will be required by this deadline.

All terms, conditions, requirements, and procedures included in this RFP must be met for a response to be acceptable. If a candidate fails to meet any material term, condition, or requirement of procedure, its response may be deemed unresponsive and be disqualified.

2. SCOPE OF SERVICES

The Borough of Naugatuck desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

The audits and reports to be provided include:

- An audit report on financial statements, including the latest GASB requirements
- A report on compliance and internal control over financial reporting
- A report on state financial assistance programs if applicable
- A report on federal awards if applicable

The scope of work for each of the above is identified in the audit reports that were issued by the Borough of Naugatuck for 6/30/12. These reports are considered to be part of this RFP and will be provided to requestors of this RFP. The fund structure of the Borough of Naugatuck General Government and its Board of Education can be ascertained from these reports.

Additionally, separate reports shall be prepared and submitted for the ED001 and other audit reports as required by the State Department of Education.

Each of the reports shall be delivered in draft form to the Borough thirty days prior to the date due to each regulatory authority. It shall be the responsibility of the audit firm to meet all required filing deadlines with the State and other agencies.

The results of the audit will be presented to the Borough of Naugatuck Board of Finance, as well as address any other questions that the board may have during the audit year.

The selected firm shall be available on occasion to assist in certain accounting issues if they arise during the course of the year at no additional cost to the Town. These issues may include governmental accounting procedures, internal control procedure improvements, and establishment of beginning balances for subsequent fiscal years. In addition, the Town welcomes recommendations during the audit process for record-keeping improvements.

3. TOWN ASSISTANCE

The auditor's principal contact with the Borough of Naugatuck will be Patricia Porciello, Assistant Controller, or a designated representative, who will coordinate the assistance to be provided by the Borough to the auditor.

- Borough of Naugatuck staff will be available during the audit to assist the firm by providing information, documentation and explanations. Staff shall also be available to reproduce documents and pull documents.

- Borough of Naugatuck staff will prepare the following for the firm:
 1. Trial Balance
 2. Individual Fund Statements
 3. Bank reconciliations
 4. Borough of Naugatuck MD&A and transmittal letter
 5. Subsidiary Ledgers reconciled to G/L on a monthly basis
 6. All cash accounts reconciled on a monthly basis

Office space will be provided that is readily accessible to the financial records. The respondent will be required to supply his or her own equipment and supplies. The auditor will be provided with a telephone line, internet access, photocopying facilities and a fax machine.

4. TERM OF CONTRACT

The Borough of Naugatuck anticipates a three-year contract with the selected firm beginning as soon as possible, with up to two additional two-year renewal periods under a Borough of Naugatuck renewal option. The Borough of Naugatuck will contractually reserve the right to cancel the contract at any time.

5. CONTRACT REQUIREMENTS

The Borough of Naugatuck will require a contract with the selected firm that includes the following:

1. Proper insurance. This will include general liability, auto liability, workers' comp, excess liability and professional liability – and will name the Town as additional insured. The amounts of insurance will be set by the Borough of Naugatuck.
2. An “Annual Statement of Financial Interests” completed by the firm. This statement includes, but is not limited to, a listing of all Borough of Naugatuck officials, employees, and members of boards/commissions who have a financial interest in the firm.
3. A disclosure and certification affidavit.
4. The firm shall at all times indemnify and hold harmless the Borough of Naugatuck and its officers, agents and employees. The existence of insurance shall in no way limit the scope of this indemnification.

6. CONDITIONS

1. All proposals in response to this RFP are to be the sole property of the Borough of Naugatuck. Firms are encouraged not to include in their proposals any information that is proprietary. All materials associated with this procurement process are subject to the terms of state laws defining freedom of information and privacy and all rules, regulations and interpretations resulting from those laws.
2. Any product developed under a contract awarded as a result of the RFP is to be the sole property of the Borough of Naugatuck.
3. Timing and sequence of events resulting from this RFP will ultimately be determined by the Borough of Naugatuck.
4. The firm agrees that the proposal will remain valid for a period of 180 days after the closing date for the submission and may be extended beyond that time by mutual agreement.
5. The Borough of Naugatuck may amend the terms or cancel this RFP any time prior to the execution of a contract for these services if the Borough deems it to be necessary, appropriate or otherwise in the best interests of the Borough of Naugatuck. At its option, the Borough may provide all firms with a limited opportunity to remedy any technical deficiencies identified by the Borough in their initial review of proposals.

6. The bidder must certify that the personnel identified in its response to this RFP will be the persons actually assigned to the project. Any additions, deletions or changes in personnel from the proposal during the course of the project must be approved by the Town, with the exception of personnel who have terminated employment. Replacements for personnel who have terminated employment are subject to approval by the Borough of Naugatuck. At its discretion, the Borough of Naugatuck may require the removal and replacement of any of the firm's personnel who do not perform adequately, regardless of whether they were previously approved by the Borough.
7. All subcontractors hired by the firm must have prior approval of the Borough.
8. The firm will accept and follow direction from Borough of Naugatuck's Audit Committee and Board of Finance.
9. Any costs and expenses incurred by Firms in preparing or submitting proposals are the sole responsibility of the Firms.
10. A Firm must be prepared to present evidence of experience, ability, service facilities, and financial standing necessary to satisfactorily meet the requirements set forth or implied in the proposal.
11. No additions or changes to the original proposal will be allowed after submittal, except as may be allowed by the Borough of Naugatuck, at its option. While changes are not permitted, clarification of proposals may be required by the Borough at the Firm's sole cost and expense.
12. The Firm to be awarded the contract may be required to give presentations to the extent necessary to satisfy the Borough's requirements or needs. In some cases, Firms may have to give presentations or further explanation to any RFP selection committee established by the Borough of Naugatuck.
13. The Firm represents and warrants that the proposal is not made in connection with any other Firm and is in all respects fair and without collusion or fraud. The Firm further represents and warrants that they did not participate in any part of the RFP development process, had no knowledge of the specific contents of the RFP prior to its issuance, and that no agent, representative or employee of the Borough of Naugatuck participated directly in the Firm's proposal preparation.
14. All responses to the RFP must conform to instruction. Failure to include any required signatures, provide the required number of copies, to meet deadlines, answer all questions, follow the requested format, or failure to comply with any other requirements of this RFP may be considered appropriate cause for rejection of the response.

15. The Firm must accept the Borough of Naugatuck's standard contract language.

16. The contract document will represent the entire agreement between the Firm and the Borough of Naugatuck and will supersede all prior negotiations, representations or agreements, alleged or made, between the parties. The Borough shall assume no liability for payment of services under the terms of the contract until the successful Firm is notified that the contract has been accepted and approved by the Borough. The contract may be amended only by means of a written instrument signed by the Firm and signed by the Mayor of the Borough of Naugatuck.

7. PROPOSALS

All bidders must be willing to adhere to the following conditions.

7.1 Submission and Deadline

All proposals must be received by **10:00 a.m., June 10, 2013**. One original and four (4) copies shall be submitted to:

Wendy Hozer, Purchasing Agent
Borough of Naugatuck
Town Hall
229 Church Street
Naugatuck, CT 06770

All proposals shall be opened publicly and recorded as received. Candidates may be present at the opening; however, there will be no public reading of proposals. Proposals received later than the time and date specified will not be considered.

Questions - No oral interpretations shall be made to any firm as to the meaning of any of the specification documents or to modify any provisions of the specification documents. Every request for interpretation of this RFP shall be made in writing, addressed and forwarded to Wayne McAllister, Controller, 229 Church Street, Borough of Naugatuck, CT 06770, fax number 203-720-7031. Email address is wmcallister@naugatuck-ct.gov

7.2 Packaging

The **original** proposal and the four (4) copies shall be placed in **one sealed envelope (or sealed box, depending on the size of the proposals)**, bearing the name and address of the respondent and clearly marked with the words, **“RFP: REQUEST FOR PROPOSAL – PROFESSIONAL AUDITING SERVICES.”**

7.3 Organization and Content of Proposal

The RFP is intended to provide interested candidates with uniform information concerning the conditions for submitting proposals. In response to the RFP, candidates shall adhere to the established format. By doing so, comparable objective data will be provided for Borough of Naugatuck's review and analysis. The Proposal shall contain the following sections, in the order and format described.

Section 1: Submittal Letter

Respondents shall submit a cover letter, addressed to Ms. Wendy Hozer, Purchasing Agent, signed by an authorized principal or agent of the respondent, which provides an overview of the respondent's offer, as well as the name, title, and telephone number of the person to whom the Borough of Naugatuck may direct questions concerning the proposal. The letter should also include a statement by the respondent accepting all terms and conditions contained in this RFP, signed by an officer or other individual with authority to negotiate and contractually bind the firm.

Section 2: Company Overview:

1. General:

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Borough of Naugatuck in conformity with the requirements of this request for proposal. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP's requirements.

2. Independence:

The firm should provide an affirmative statement that it is independent of the Borough of Naugatuck as defined by generally accepted auditing standards.

3. License to Practice in the State of Connecticut:

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of Connecticut.

4. Firm Qualifications and Experience:

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

At a minimum, proposers must have at least five (5) years municipal experience as independent auditors for the purpose of rendering an opinion of the comprehensive annual financial statements. Describe the range of audit, accounting and management services activities performed by the local office.

5. Partner, Supervisory and Staff Qualifications and Experience:

Identify the supervisors who will work on the audit and provide a resume for each, detailing municipal experience. If any changes are made in supervisors, they should have equivalent municipal experience and the firm shall notify the Town in writing of such changes.

At minimum, supervisory members of the audit team, including the "in charge" field auditor must have a minimum of five (5) years of municipal audit experience.

6. Similar Engagement with Other Government Entities:

Provide a listing of all Connecticut Towns and Cities (do not include quasi-government units, committees or organizations), for which the firm is currently the auditor or for which the firm has served as auditor within the last three (3) years, and provide a listing of Certificate of Achievement in Financial Reporting clients. Include names and phone numbers of at least three (3) references that may be contacted.

7. Sale of the Auditing Firm:

An affirmative statement shall be included stating: "In the event of the sale of the firm to another entity or the merger of the firm with another entity during the performance of scope of services contained in this RFP, the personnel of the firm conducting these services for the Borough of Naugatuck shall not change without the consent of the Town."

Section 3: Detailed Proposal including:

Project Understanding: Provide a written discussion in sufficient detail to demonstrate an understanding of the project's scope and the services required.

Staff Plan: Identification of all staff who will provide any portion of the services required under the contract. For each identified individual, provide background and experience and areas and levels of responsibility. Please provide resumes of all key personnel.

Service Delivery Plan: Describe how services required herein will be provided to the Town. Include a paragraph by paragraph response to the specific requirements outlined in the Scope of Services.

Services Expected of the Borough of Naugatuck: Define the nature and scope of all services expected to be provided by the Borough.

Section 4: Exceptions and Alternatives:

Candidates wishing to take any exceptions to any requirement in the RFP shall state and explain such exceptions. The Town may accept proposals which take exception to any requirements in this RFP or which offer any alternative to a requirement herein. Any exception or alternative must be clearly delineated and cannot materially affect the substance of this Request for Proposal.

Section 5: Fee Proposal

Respondents are required to submit a fee proposal for all services in the Scope of Services outlined in this RFP.

The Borough of Naugatuck reserves the right to negotiate scope, fees and payment schedules with the selected respondent.

Total Cost of Auditing Services for 2012-13 \$ _____

Total Cost of Auditing Services for 2013-14 \$ _____

Total Cost of Auditing Services for 2014-15 \$ _____

GRAND TOTAL _____ **\$** _____

Section 6: PROPOSAL EVALUATION

Proposals will be evaluated based on the following:

- Accuracy and professionalism with which the firm responded to the specifications.

- The background, experience and financial strength of the firm in providing similar services elsewhere, including the level of experience in working with municipalities and/or other governmental bodies of similar size, and the quality of services performed.

- Negative publicity associated with the firm, its principals or employees that would diminish public confidence in the town.

- The specific background, education, qualifications, and relevant experience of the individuals designated to provide services, especially those of the day-to-day program manager, and documentation of relevant and pertinent training and accreditations of each.

- Commitment to the timetables of the Borough and the State.

- Assessment of the firm's ability to develop and maintain a positive working relationship with Town staff and actively communicate with same.

- Competitiveness of proposed fee, although the Borough of Naugatuck is not bound to select the firm who proposes the lowest fees for services. The Borough reserves the right to make such awards, including accepting a proposal although not the lowest proposed fee, as it deems in its sole discretion to be in the best interest of the Borough. The Borough of Naugatuck reserves the right to negotiate fees and modifications to the scope of the project with the selected firm.

- Flexibility and efficiency in providing day to day services.

- A review of references from other clients as provided in the proposal.

Section 7: Selection Process

The Borough of Naugatuck is an Equal Opportunity and Affirmative Action employer and does not discriminate in its hiring, employment, or business practices. The Borough is committed to complying with the Americans with Disabilities Act of 1990 (ADA) and does not discriminate on the basis of disability, in admission to, access to, or operation of its programs, services, or activities.

- Proposals will be evaluated based upon the criteria and/or factors of evaluation listed in the RFP.
- The Borough of Naugatuck will have the proposals evaluated by a committee of individuals from the Audit Committee and Board of Finance. The Borough reserves the right to short list the proposals received and arrange for interviews/oral presentations as part of the selection process.
- The Borough will select the proposal that is responsible and responsive and determined to be the best suited, most advantageous, and provides the greatest overall benefit to the Borough of Naugatuck on the basis of the criteria and/or factors of evaluation listed. The Borough expressly reserves the right to negotiate with the selected candidate prior to an award of any contract pursuant to this RFP.
- The Borough of Naugatuck reserves the right to reject any and all proposals and to waive any informalities or technical defects in any proposal. Non-selection of any proposal will mean that another acceptable proposal was deemed to be more advantageous to the Borough or that no proposal was accepted.

Section 8: Rights Reserved To the Borough of Naugatuck

The Borough reserves the right to award in part, to reject any and all bids in whole or in part for misrepresentation or if the bidder is in default of any prior Borough of Naugatuck contract, or if the proposal limits or modifies any of the terms and conditions and/or specifications of the RFP. The Borough also reserves the right to waive technical defect, irregularities and omissions if, in its judgment, the best interest of the Borough will be served.

The Borough of Naugatuck reserves the right to correct inaccurate awards resulting from its clerical errors. This may include, in extreme circumstances, revoking the awarding of a contract already made to a bidder and subsequently awarding the contract to another bidder. Such action on the part of the Borough shall not constitute a breach of contract on the part of the Borough since the contract with the initial bidder is deemed to be *void ab initio* and of no effect as if no contract ever existed between the Borough and the bidder.