

*Request for
Auditing Services
Town of Pennington Gap
2022-2025*

*Tina Rowe, MGT
Town Treasurer*

***TOWN OF PENNINGTON GAP
REQUEST FOR PROPOSALS***

Issue Date: March 4, 2022

Title: Audit Contract

Issuer: Town of Pennington Gap
528 Industrial Drive
Pennington Gap, VA 24277

The TOWN COUNCIL of THE TOWN OF PENNINGTON GAP requests qualified independent certified public accountants to submit proposals to enter into a term contract to perform a financial audit for each of the fiscal years ended June 30, 2022 through 2025(Renewable).

Sealed proposals will be received until 4:00 p.m. on June 1, 2022.

Copies of the Request for Proposal may be obtained from the Town of Pennington Gap's website at www.townofpenningtonva.gov or by contacting the Town Treasurer.

All inquiries for information should be directed to:

Tina Rowe
528 Industrial Drive
Pennington Gap, VA 24277
(276)546-1177

If proposals are mailed, send directly to the local government address shown above.

I. INTRODUCTION:

The Town of Pennington Gap, Virginia requests independent certified public accountants to submit proposals to enter into a term contract to perform a financial audit for the fiscal years ended June 30, 2022 through June 30, 2025. There is no expressed or implied obligation that the Town of Pennington Gap, Virginia shall reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Financial records of the Town of Pennington Gap are available for review.

II. SCOPE OF WORK TO BE PERFORMED:

Financial Statements

The auditor shall audit all funds in the custody of the Town Treasurer as well as all account groups, component-units/related organizations, identified in section II, of the Town of Pennington Gap in accordance with generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the provisions of the Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*; and the *Specifications for Audits of Counties, Cities and Towns*. The audit shall result in the preparation of financial statements from the audited records of the Local Government with the auditor's opinion thereon. The Auditor's opinion shall be unqualified unless the Auditors furnish to the Town of Pennington Gap, on a timely basis, their reasons for qualifying the opinion, disclaiming an opinion or rendering an adverse opinion.

Supplemental Schedules and Statistical Schedules

The auditor shall apply procedures and report on the supplementary schedules included in the Financial Report, including the statement of the treasurer's accountability, the analysis of funding progress for pension plans, and the schedule of expenditure of federal awards. The auditor is also required to apply procedures and report on statistical tables included in the Financial Report.

Internal Controls

In connection with the audit of the financial statements, the auditor shall consider, test, and report on internal controls in accordance with Generally Accepted Auditing Standards (GAAS), *Government Auditing Standards*, Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*, and the *Specifications for Audits of Counties, Cities and Towns, when applicable*.

Compliance Auditing

In connection with the audit of the financial statements, the Auditor shall perform tests and report on compliance in accordance with Government Auditing Standards, Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*, and the *Specifications for Audits of Counties, Cities and Towns, when applicable*.

Component Units/Related Organizations:

The Auditor shall audit any other component units identified during the audit, as part of the audit of the Local Government's financial statements.

III. MEETINGS AND REPORT PREPARATION:

Meetings

The selected Auditor shall schedule conferences between the Auditor and the Town Manager of the Town of Pennington Gap before the preliminary work and at the end of the field work. The purpose of these meetings is to keep the Town Manager fully informed on the scope and progress of the audit.

Required Reports

Based on the audit work performed, the Auditor shall include the following reports in the Audited Financial Report unless otherwise indicated:

- 1) An opinion on the fair presentation of the general purpose financial statements and the combining, individual fund, and individual account group financial statements in conformity with generally accepted accounting principles.
- 2) A report on the supplementary schedules described in Section II above. The auditor will also prepare a report on the statistical schedules included in the Financial Report.
- 3) A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. The Auditor shall communicate all reportable conditions found during the audit in the report on internal controls. Further, the Auditor shall identify any material weaknesses in his audit. The Auditor shall report other weaknesses in internal controls not meeting the definition of a reportable condition in a separate letter to management referred to in the report on internal controls.
- 4) A report on compliance with requirements applicable to each major program and internal control over financial reporting in accordance with Uniform Guidance.
- 5) A report disclosing the status of findings and recommendations from the previous audits in accordance with *Government Auditing Standards* and the *Specifications for Audits of Counties, Cities and Towns*.
- 6) The completion of Form SF-SAC, Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations, in accordance with Uniform Guidance, Audits of State, Local Governments, and Non-Profit Organizations.
- 7) Report Preparation and Presentation -
The Auditor shall be responsible for report preparation, editing, and printing. The Auditor shall furnish a draft of the financial report on or before December 30th of each year and thirty final copies upon approval of the draft by the Town of Pennington Gap.

Submission of Reports to Federal and State Agencies

The Auditor shall be responsible for submitting copies of the Financial Reports to appropriate state and federal agencies.

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

A. Books of Account

The Town of Pennington Gap shall fully balance the books of account, reconcile subsidiary ledgers to control accounts, and reconcile all bank accounts within 90 days of year end.

B. Schedules

The staff of the Town of Pennington Gap shall prepare the following information on forms acceptable to the Auditor:

- 1) A final detailed adjusted trial balance of each fund;
- 2) A copy of the final budget presented to the Council for the audit period, the original budget ordinance for the audit period, and all amendments to the budget ordinance;
- 3) A schedule of insurance in force during the year and of insurance expense for the year;
- 4) A schedule of investments held by all funds at the statement date showing both book value and estimated market value at the statement date;
- 5) A schedule of capital outlays during the period;
- 6) A schedule of capital asset dispositions during the period;
- 7) A schedule of Town of Pennington Gap's capital assets with depreciation calculated thereon;
- 8) Reconciliation of the final quarter's fringe benefit tax returns;
- 9) Copies of contracts with governmental grantor and grantee agencies;
- 10) Copies of other contracts in force at statement date of a material amount and
- 11) Such reasonable additional schedules as may be requested for financial audits.

C. Other Assistance

The staff of the Town of Pennington Gap shall be available during the audit to assist the firm by providing information and explanation.

V. PROPOSAL PRESENTATION AND SUBMISSION

A. Format of the Proposal

Proposals should be as thorough and detailed as possible so that the Town of Pennington Gap may properly evaluate the Auditor's ability to provide the required services. Each copy of the proposal should be bound or contained in a single volume. All documentation submitted with the proposal should be contained in that single volume.

B. Contents of the Proposal

The Auditor is required to submit the following items as a complete proposal:

- (1) Title Page
Show the RFP subject, the name of the proposer's firm, local address, telephone number, name of contact person and date.

- (2) Letter of Transmittal or other format which includes the items listed below.
- a. History of the firm, including number of years in business and size of firm.
 - b. A statement by the prospective Auditor of his understanding of the work to be performed with descriptions of the audit approach.
 - c. The approximate dates the audit will begin (including preliminary field work) and end. Also, the approximate dates for delivery of the financial statements and Auditor's reports.
 - d. Biographies, including experience, of the individuals who will be assigned to the engagement, relevant experience of each in auditing municipalities and recent continuing professional education of each.
 - e. Names, addresses and telephone numbers of persons who may be contacted for references.
 - f. A copy of the report on the firm's most recent external peer review.
 - g. Copy of most recent review by the Auditor of Public Accounts.
 - h. A statement by the prospective Auditor that:
 1. The firm is independent of the Town of Pennington Gap, as that term is defined in the Ethical Rules of the AICPA.
 2. The firm and the partner assigned to the engagement are licensed to perform the audit as provided by applicable laws of the Commonwealth of Virginia.
 3. The firm has met the peer review standards of the AICPA and as required by *Government Auditing Standards*.
 4. The firm will provide adequate supervision on a day-to-day basis.
 5. Staff assigned to the audit has met the continuing education requirements required by *Government Auditing Standards*, issued by the Comptroller General of the United States.

C. Right to Reject Proposals

Proposals shall be signed by an authorized representative of the firm. All information requested must be submitted. Failure to submit all requested information may result in the rejection of the proposal.

D. Proposals Deadline for Submission

To be considered for selection, the Auditor shall submit a complete response to the Request for Proposal. One original and 3 copies of the proposal shall be submitted to the Town of Pennington Gap. Email can be sent to Treasurer@TownofPenningtonVA.gov. Copies of the proposal may be mailed to the Town of Pennington Gap, 528 Industrial Drive, Pennington Gap, Virginia 24277. The proposal should clearly be marked "**Proposal for Audit Services.**" The deadline for submission is June 1, 2022, received until 4:00 p.m. on this date.

E. Inquiries

Inquiries concerning the request for proposal should be directed to Tina Rowe, Treasurer.

VI. EVALUATION AND AWARD CRITERIA

A. Evaluation of Proposals

Proposals submitted will be evaluated by the Town Manager and Town Treasurer.

B. Evaluation Criteria

Evaluation criteria shall include the following:

- (1) The specific plans or methodology to be used in performing the audit (i.e., the audit approach). [Weight assigned = 20%]
- (2) The skill, experience and training of the specified persons who will be performing the services requested. [Weight assigned = 20%]
- (3) The prior experience and reputation of the Auditor in auditing Local Governments similar to the Town of Pennington Gap. [Weight assigned = 20%]
- (4) References from other local governments or clients. [Weight assigned = 20%]
- (5) Stated ability to complete the audit and submit the financial statements and Auditor's reports to the Auditor of Public Accounts by the required deadline. [Weight assigned = 20%]

C. Award of Contract

The selection process shall be in accordance with §2.2-4302.2 of the *Code of Virginia*.

VII. PAYMENT TERMS

- A. Interim billings shall not exceed 80% of the total fee. Final payment shall be made upon approval of the report by the Governing Board and/or Finance Committee.
Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than is necessary under ordinary circumstances, the Auditor shall inform the Governing Body of the need for such additional investigation and the additional compensation to complete the investigation.

VIII. GENERAL TERMS AND CONDITIONS FOR PROFESSIONAL SERVICES

- A. Submission of Proposal: Failure to submit a proposal in accordance with the requirements set forth in this solicitation is cause for rejection of the proposal. However, the Town of Pennington Gap reserves the right to decide, on a case by case basis, in its sole discretion, whether or not to reject such a proposal.
- B. Clarification of Terms: If any prospective offeror has questions about the terms contained in the solicitation documents, the prospective offeror should contact the Town Treasurer, no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum by the Town Manager.
- C. Applicable Laws and Courts: This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Auditor shall comply with all applicable federal, state, and local laws and regulations.
- D. Anti-Discrimination: By submitting their proposals the Auditor certifies that he will conform to

the provisions of the Federal Civil Rights Act of 1964, as amended, the Virginians with Disabilities Act, and the Americans with Disabilities Act. The Auditor also agrees that during the performance of this contract:

- a. The Auditor shall not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin. The Auditor agrees to post in a conspicuous place, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - b. The Auditor, in all solicitations or advertisements for employees placed by or on behalf of the Auditor, shall state that the Auditor is an equal opportunity employer.
 - c. Notices, advertisements and solicitations placed in accordance with federal laws, rules or regulations shall be deemed sufficient for the purpose of meeting the requirements of this section.
- E. Ethics in Public Contracting: By submitting their proposals, the Auditor certifies that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other bidder/offeror in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, or anything of more than nominal value, present or promised unless consideration of substantially equal or greater value was exchanged.
- F. Immigration Reform and Control Act of 1986: By submitting their proposals, the Auditor certifies that they do not and will not during the performance of this contract employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.
- G. Qualifications of Prospective Bidder: The Town of Pennington Gap may make such reasonable investigations as they deem proper and necessary to determine the ability of the firm proposing to perform the work. The Town of Pennington Gap reserves the right to reject any proposal if the evidence submitted by the firm, or investigations of the firm, fail to satisfy the Town of Pennington Gap that the firm is properly qualified to carry out the obligations of the contract and to complete the work contemplated therein.
- H. Changes to the Contract: The Town of Pennington Gap may order changes within the general scope of the contract at any time by written notice to the Auditor. The Auditor shall be compensated for any additional costs incurred as a result of such order. Said compensation shall be determined by mutual agreement between the parties in writing.
- I. Default: In case of failure to deliver services in accordance with the contract terms and conditions, the Town of Pennington Gap, after due oral and written notice, may procure them from other sources and hold the Auditor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies that the Town of Pennington Gap may have.
- J. Canceling or Amending a Solicitation: The Town of Pennington Gap may cancel or withdraw a solicitation in whole or in part and reject any and all proposals at any time prior to an award. The Town of Pennington Gap also may amend the solicitation by the issuance of an addendum prior to the time set for receipt of response.

- K. Protest of Award or Decision to Award: Any Auditor submitting a proposal in response to a solicitation may protest the award or decision to award a contract by submitting such protest in writing no later than ten days after the award is made or the notice of intent to award is posted. The written protest must be received by the Town Manager no later than 5:00 p.m. of the tenth day. If the tenth day falls on a weekend or official holiday, the ten day period expires on the next regular working day. The protest shall include the specific basis for the protest and the relief sought. The Town Manager shall issue a decision in writing within ten days stating the reason for the action taken. This decision shall be final unless the offerer appeals within ten days of written decision by invoking the Town of Pennington Gap appeal procedures, or institutes legal action as provided in Section 11-70 of the *Code of Virginia*. If the protest of any offeror depends in whole or in part upon information, then the time within which the protest must be submitted shall expire ten days after these records are available for public inspection by such offeror, or at such later time as provided in this section. No protest shall lie for a claim that the selected offeror is not a responsible offeror.
- L. Claims: Contractual claims for money or other relief shall be submitted in writing no later than sixty days after approval of the audit report by the governing Body.

IX. SPECIAL TERMS AND CONDITIONS

- A. Availability of Funds: It is understood and agreed between the parties herein that the Town of Pennington Gap shall be bound hereunder only to the extent funds are available or which may hereafter become available for the purpose of this agreement.
- B. Cancellation of Contract: The Town of Pennington Gap reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 60 days written notice to the Auditor. Any contract cancellation notice shall not relieve the Auditor of the obligation to complete an audit commenced before the effective date of the cancellation.
- C. Extension of Contract: This contract may be extended by the Town of Pennington Gap upon written agreement of both parties for 2 successive one year periods, under the terms of the current contract and at a reasonable time prior to the expiration.
- D. Filing Requirements: The prospective bidders are reminded that the audit contract will be filed with the Auditor of Public Accounts, Commonwealth of Virginia.
- E. Retention of Working Papers: The Auditor hereby agrees to retain all books, records and other working papers relative to this contract for five (5) years after final payment. The Town of Pennington Gap, Virginia, its authorized agents, and/or state and federal auditors shall have full access to and the right to examine any of said materials during this period.
- F. Subcontracts: No portion of this work shall be subcontracted without prior written consent of the Town of Pennington Gap Virginia. The Auditor shall, however, remain fully liable and responsible for the work to be done by the subcontractors and shall assure compliance with all requirements of the contract.