

Petersburg Borough
Request for Proposal for Audit Services



I. Introduction

A. General Information

The Petersburg Borough is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2020 and June 30, 2021, with the option of extending the contract for two years in one year increments.

To be considered, proposals must be received by Finance Director: Jody Tow, PO Box 329, Petersburg, AK 99833, by 4:30 pm on March 15, 2020. The Petersburg Borough reserves the right to reject any or all proposals submitted.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Petersburg Borough and the firm selected. It is anticipated the selection of a firm will be completed by April 1, 2020.

II. Scope of Services

The Petersburg Borough is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2020 and June 30, 2021, with the option of extending the contract for two years in one year increments. These two optional engagement years will be done by separate engagement letter.

III. Nature of Services Required

A. General

The Petersburg Borough is soliciting the services of qualified firms of certified public accountants to audit its financial statements. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Organization to be Audited

- i. Petersburg Borough, Alaska

C. Scope of Work to be Performed

- i. The Petersburg Borough desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.
- ii. The Petersburg Borough also desires the auditor to express an opinion on the fair presentation of its combining and individual fund statements and schedules in conformity with generally accepted accounting principles.
- iii. The auditor is required to report on compliance with applicable state and with applicable federal laws and regulations and on internal controls over financial reporting that could have a direct and material effect on the fair presentation of the financial statements.
- iv. The auditor is required to test internal controls and compliance as described in the U.S. Office of Management and Budget (OMB) Uniform Guidance / Super Circular Audits of States, Local Governments and Nonprofit Organizations as well as other applicable laws and regulations that are applicable to the Borough's major federal programs. The auditor is also required to test internal controls and compliance, as described in the State of Alaska Audit Guide and Compliance Supplement for State Single Audits that are applicable to each of the Borough's major state programs. The auditor must report on compliance and internal control over compliance applicable to each major federal and to each major state program.
- v. The auditor is required to report any findings or questioned costs found in the course of the work described above. Recommendations for corrective action should be included.

D. Auditing Standards to be Followed

To meet the requirements of this solicitation, the audit shall be performed in accordance with:

- i. auditing standards generally accepted in the United States of America as promulgated by the American Institute of Certified Public Accountants.
- ii. standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
- iii. the provisions of U.S. Office of Management and Budget (OMB) Uniform Guidance / Super Circular Audits of States, Local Governments, and Nonprofit Organizations.
- iv. the provisions of the State of Alaska Single Audit Regulation) 2 AAC 45.010) to include the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

E. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

- i. A report on the fair presentation of the Borough's basic financial statements in conformity with generally accepted accounting principle.
- ii. Separate Federal Single Audit reports and separate State Single Audit reports on the Borough's Federal and State award programs, including reporting on compliance and internal controls of these awards.
 - The Schedule of Expenditures of Federal Awards and/or Schedule of State Financial Assistance will be prepared by Borough Staff. The auditor should include these schedules with the Single Audit Reports.
- iii. A report to management concerning material weaknesses and significant deficiencies, if any, as defined by the American Institute of Certified Public Accountants. Such a report may be included in the annual letter to management provided that the report on such items is segregated from the report on other matters.
- iv. The auditor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Mayor, Borough Manager, Borough Clerk, and the Finance Director. In addition, the auditor shall make any other reports necessary regarding irregular or illegal acts in accordance with Government Auditing Standards.
- v. An annual "wrap up" document to the Borough Manager and Finance Director. The auditors will present this document to the Borough Assembly upon completion of the audit. The document shall include the following:
 - The auditor's responsibility under generally accepted auditing standards in the United States.
 - Significant Accounting Policies
 - Management judgments and accounting estimates
 - Significant audit adjustments
 - Other information in documents containing audited financial statements.
 - Disagreements with management
 - Management consultation with other accountants
 - Major issues discussed with management prior to retention
 - Difficulties encountered in performing the audit
 - Any other required communication under auditing standards generally accepted in the United States

F. 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 five years, unless the firm is notified in writing by the Petersburg Borough of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- Petersburg Borough
- Parties designated by the federal or state governments or by the Petersburg Borough as part of an audit quality review process.
- Auditors of entities of which the Petersburg Borough is a sub recipient of grant funds.

In addition, the firm shall respond promptly and fully to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

G. Borough Assembly Presentation

The lead auditor will be expected to travel to Petersburg after publication of the financial statements to present the report to the Borough Assembly. This report may be done over the phone if there is mutual consent by both parties.

IV. Description of the Government

A. The auditor's principal contact with the Petersburg Borough will be Jody Tow, Finance Director, or a designated representative, who will coordinate the assistance to be provided by the Petersburg Borough to the auditor.

B. Background information

The Petersburg Borough serves a population of 3,198. The Petersburg Borough's fiscal year begins on July 1 and ends on June 30. The Petersburg Borough has a gross annual estimated payroll and benefits of \$8.9 million, covering 128 employees (85 full time, 23 part time, 4 temps, 7 Assembly members, 9 stipend paid EMS/Fire volunteers)

More detailed information on the government and its finances can be found in the Annual Budget and the fiscal year 2019 Financial Statement. These documents can be obtained on the Petersburg Borough website at www.petersburgak.gov by a link to the Finance Department.

C. Fund Structure

The Petersburg Borough uses the following fund types and account groups in its financial reporting:

FUND TYPE/ACCOUNT GROUP	NUMBER OF INDIVIDUAL FUNDS
General fund	1
Special Revenue Funds	8
Debt Service Funds	1
Capital Projects funds	12
Enterprise Funds	7
Internal Service Fund - Motor Pool	1

Petersburg School District and Petersburg Medical Center are separate component units of the Petersburg Borough and have their own separate audit conducted yearly at approximately the same date as the Borough's audit.

D. Budgetary Basis of Accounting

The Petersburg Borough prepares its budgets on a basis consistent with generally accepted accounting principles.

E. Federal and State Financial Assistance

During the fiscal years to be audited, the Petersburg Borough will be receiving assistance from various federal and state sources. Last year's schedule of federal financial assistance is included in the FY 2019 financial statements that can be found on the Borough's website. It is not anticipated that this assistance will vary significantly in fiscal years 2020 and 2021.

F. Pension Plans

Essentially, all qualified employees of the Petersburg Borough participate in the Alaska Public Employee's Retirement System (PERS). This is a defined benefit and defined contribution plan administered by the State of Alaska.

G. Magnitude of Finance Operations

The finance department of the Petersburg Borough is headed by Jody Tow, Finance Director, and consists of five other employees. The principal functions performed are as follows:

- General Ledger, Accounts Receivable, Accounts Payable
- Payroll
- Utilities (Electric, Water, Wastewater and Sanitation)
- Ambulance Receivable
- Property Tax
- Sales Tax, Tobacco Tax, Transient Room Tax and Marijuana Tax
- Marine Passenger Fees

- Capital Assets
- Budget
- Risk Management
- Collections
- Investments and cash management
- Harbor Moorage Billing and Collection
- Elderly Housing & Assisted Living Receivable

H. Accounting Software

The Borough Finance Department utilizes Professional Computer Software (PCS) as their accounting software. This company is based out of Denison, Iowa. This software has been used since 2009. We are currently testing a new sales tax module within PCS that will eventually replace a stand-alone Microsoft Access based program that the finance department is currently using to track and collect sales tax. Utility Billing and Harbor Moorage are also administered within the PCS software. For property tax collection the Borough uses iCity – VADIM Software.

V. Time Requirements

A. Schedule for the Audit.

Detailed Audit Plan – The auditor shall provide the Petersburg Borough by May 15, both a detailed Audit plan and a list of all schedules to be prepared by the Petersburg Borough.

Fieldwork – The auditor shall complete all fieldwork by September 15th.

Final Report – The Annual Financial Report is due by November 15th.

VI. Assistance to be Provided to the Auditor and Report Preparation

A. Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of the confirmations will be the responsibility of the Petersburg Borough and the auditor. The Borough's staff will prepare a reasonable number of statements and schedules for the auditor. The Borough will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to telephones, photocopying facilities, and internet access.

B. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor. The Petersburg Borough will prepare the introductory section (MD&A) and the statistical section. The auditor will be responsible for preparing the individual, combined statements and the footnotes. The auditor will be responsible for proofing, printing and binding the report.

VII. Submission of Proposals

The following is required to be received by March 15, 2020, for a proposing firm to be considered responsive to this solicitation:

A. Transmittal Letter (5 points)

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the fiscal year 2020 and 2021 Audits of the Petersburg Borough's financial statements.

B. Mandatory Elements (10 points)

1. The audit firm is an independent entity.
2. The firm is licensed to practice in Alaska.
3. The firm has no conflict of interest with regard to any other work performed by the firm for the Petersburg Borough.
4. The firm submits a copy of its last external quality control review report and the firm has a record of quality work.
5. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.

C. Desirable Elements (10 points)

1. The firm is of adequate size to perform the borough's audit.
2. The firm meets professional standards to perform government audits including federal and state single audits.
3. The firm has appropriate past experience and performance on comparable government engagements.
4. The firm has quality professional personal and management support personal available for the engagement.
5. The firm can meet all time requirements.

D. Fee Proposal (5 points)

The Firm shall submit a fee amount containing all pricing information relative to performing the audit engagement as described in this solicitation.

The Petersburg Borough will not be responsible for expenses incurred in preparing and submitting your proposal.

E. Proposal Submission

Two copies of the proposal shall be submitted by 4:30pm on March 15, 2020 to the address below. Please note that priority mail through the U.S. postal service from the lower 48 states to Petersburg requires at least one week for delivery to Petersburg. We do not recommend using Fed Ex as there is no Fed Ex hub in Petersburg. Proposals arriving after March 15 will not be opened nor considered. Proposals may not be faxed or emailed.

Petersburg Borough
Finance Director's Office
PO Box 329
Petersburg, AK 99833

Additional Information for the Petersburg Borough:

Jody Tow, Finance Director

Email: jtow@petersburgak.gov

All questions must be submitted in writing to the email address above.

VIII. Evaluation and Selection Criteria

A. Selection Committee

Proposals will be evaluated by the Borough Manager and the Finance Director

B. Review of Proposals

The Borough Manager and Finance Director will individually rank each of the criteria noted in section VII based on a point system. They will convene and discuss the aspects of the proposals submitted and compile composite scores for each proposal. They reserve the right to follow up with any of the firms that have submitted proposals with follow up questions. They will make a recommendation to the Borough Assembly for final approval.

It is anticipated that a firm will be selected by April 1, 2020. Following notification of the firm selected, it is expected a contract will be executed between both parties by April 15, 2020.

C. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this solicitation, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Petersburg Borough and the firm selected. The Petersburg Borough reserves the right without prejudice to reject any or all proposals.