

# City of Diamondhead, Mississippi

## Request for Proposals For Professional Auditing Services **Fiscal Year 2018**

CITY OF DIAMONDHEAD  
5000 DIAMONDHEAD CIRCLE  
DIAMONDHEAD, MS 39525

October 10, 2018

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# **City of Diamondhead**

## **Request for Proposals for Auditing Services**

### **I. INTRODUCTION**

The City of Diamondhead is requesting proposals from qualified firms of certified public accountants to provide a full scope audit of its financial statements which includes all funds of the governmental entity as of and for the fiscal year ended September 30, 2018. The proposals should include an option to renew for a period of two (2) years which will be determined by the City Manager and the City Council annually.

Diamondhead's Audit will be conducted in accordance with audited standards generally accepted in the United States of America, standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996, the provisions of OMB Circular A-133 and guidelines outlined in the Mississippi Municipal Auditing Guide and Mississippi State Law.

To be considered, a proposal must be received by Jeannie Klein, City Clerk, at Diamondhead City Hall, 5000 Diamondhead Circle, Diamondhead MS, 39525 no later than 10:00 a.m. Friday, November 16, 2018. All proposals should include technical information regarding firm qualifications, licenses, and experience of auditing other governmental entities as well as annual pricing information with fee breakout for Single Audit.

A proposal packet may be obtained by contacting Jeannie Klein, 228-222-4626 Ext. 1800, by email to [jklein@diamondhead.ms.gov](mailto:jklein@diamondhead.ms.gov) or by visiting [www.diamondhead.ms.gov](http://www.diamondhead.ms.gov). A copy of the City of Diamondhead's prior year audits can be viewed online at [www.Diamondhead.ms.gov](http://www.Diamondhead.ms.gov).

The proposals will be evaluated by an audit committee and price will not be the primary factor for the selection of an audit firm.

### **II. GENERAL INFORMATION**

#### **A. Description of the Entity**

1. The City of Diamondhead is a Municipality, which operates on a cash basis of accounting and its fiscal year ends on September 30.

2. **Fund Structure – The City of Diamondhead has a General Fund budget of \$4.5 million to \$5 million annually.**
3. **The City maintains 5 bank accounts at Hancock Bank.**
4. **The City currently has 29 full time employees and 0 part time employees, including 5 Councilmembers and 1 Mayor.**
5. **The City of Diamondhead is a Council-Manager form of government.**

**B. Time Requirements**

<b>Proposals due</b>	<b>November 16, 2018</b>
<b>Audit completion date</b>	<b>Annually by June 1st</b>

**III. SCOPE OF ENGAGEMENT**

**The City of Diamondhead desires an independent auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles, and shall cover all funds governed under the City of Diamondhead reporting as follows:**

- **Fiscal Year 2018 shall be presented in the form of a Comprehensive Annual Financial Report (CAFR) with optional Single Audit, as may be necessary.**
- **Fiscal Years 2019 and 2020 shall be presented in Annual Financial Report standard with optional Single Audit, as may be necessary.**

**IV. PROPOSAL REQUIREMENTS**

**A. General Requirements**

**Four three (3) copies of the following material are required to be received by 10:00 a.m. November 16, 2018 for the proposing firm to be considered:**

**B. Technical Proposal**

**The technical proposal shall be organized as follows:**

**1. Mandatory Qualifications of the Auditor**

- a. **License to Practice in Mississippi: An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice as a certified public accountant in Mississippi.**

- b. **Independence:** An affirmative statement should be included that the proposer meets the independence requirements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, 1988 revision, published by the U.S. General Accounting Office.

## **2. 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.

The firm is also required to submit a copy of the report on its most recent external quality control (peer) review, with a statement whether that quality control review included a review of specific governmental engagements. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

The firm should also provide proof of professional liability insurance.

## **3. Partner, Supervisor and Staff Qualifications and Experience**

A listing should be submitted, and resumes provided, of each person who will actively participate in the engagement on a daily basis. The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Mississippi. The firm should also provide information on the governmental auditing experience of each person, including information on relevant CPE for the past three years. The firm should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, and other supervisory staff and specialists may be changed if designated personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the

**City. However, in either case, the City retains the right to approve or reject replacements.**

**Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.**

**4. Prior Engagements with Cities**

**The firm should list separately all engagements with Cities within the last five years, ranked on the basis of total staff hours.**

**5. Similar Engagements with Other Government Entities**

**List the most significant engagements (maximum of five) performed in the last five years that are similar to the engagement described in this RFP. These engagements should be ranked on the basis of total staff hours. Do not include engagements listed in “number 4” above.**

**6. Offeror’s Understanding and Approach of Work to be Performed**

**A statement should be provided of the auditor’s understanding of the work to be performed, addressing the following criteria:**

- a. Types and format of report required**
- b. Understanding of laws and regulations that will be subject to audit test work**
- c. Staffing plan**
- d. Schedule for completing audit within specified deadlines**
- e. Time budget by total estimated hours and by hours per audit area  
(This may be in the form of an engagement letter)**

**C. PRICE PROPOSAL**

**The price proposal for the City Audit should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be proposal is to contain all direct and indirect costs including all out-of-pocket expenses. Also include**

the firm's hourly rate for providing additional services outside the scope of the audit, should such services be required.

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the price proposal. Such costs should not be included in the proposal.

1. The first page of the sealed dollar cost proposal should include the following information:
  - a. The name of the firm
  - b. Signature by a person entitled to represent the firm, empowered to submit the proposal and authorized to sign a contract with the City.
  - c. A total all-inclusive maximum price.
2. The second page of the price proposal should include a schedule of professional fees and expenses that supports the total all-inclusive maximum price, including necessary hard and electronic copies of the audit report.
3. Proposals must be received by Jeannie Klein at Diamondhead City Hall no later than 10:00 am on November 16, 2018 for a proposing firm to be considered. The address is as follows:

**Jeannie Klein, City Clerk  
City of Diamondhead  
5000 Diamondhead Circle  
Diamondhead, MS 39525**

## **V. EVALUATION PROCEDURES**

The Audit Selection Committee will use a point formula during the review process to score proposals. Each member will score each technical proposal by the criteria described below. After the composite technical score for each firm has been established, the price proposal will be considered and additional points will be added to the technical score based on the price proposal. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate scores will be assigned to other proposers. The following

represent the principal selection criteria which will be considered during the evaluation process.

**A. Technical Qualifications (Maximum Points 70)**

**1. Expertise and Experience (Maximum Points 40)**

**a. Auditing Cities (0-20)**

**b. Auditing programs financed by state, county and local government funds (0-5)**

**c. Past experience and performance in conducting single Audits (0-15)**

**2. Qualifications of staff to be assigned to the audit, determined from resumes submitted and considering education, position in firm, years and types of experience and CPE (Maximum Points 15)**

**3. Audit Approach (Maximum Points 15)**

**a. Understanding of the procedures to be performed and realistic time estimates of audit work (0-5)**

**b. Adequacy of proposed staffing plan for various segments of the engagement (0-10)**

**B. Price (Maximum Points 20)**

**COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.**

**The City reserves the right without prejudice to reject any and/or all proposals.**