



# TOWN OF KITTERY

200 Rogers Road, Kittery, Maine 03904

## REQUEST FOR PROPOSAL

### ANNUAL TOWN AUDIT SERVICES FOR THE TOWN OF KITTERY

Nancy Colbert Puff  
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## REQUEST FOR PROPOSAL

### ANNUAL AUDIT SERVICES FOR THE TOWN OF KITTERY

#### Notice

Sealed proposals to furnish annual auditing services for the Town of Kittery's fiscal years of 2014-2016, may be hand delivered to the Municipal Offices, 200 Rogers Road, Kittery, Maine or mailed to the Kittery Town Manager's Office, Town Hall, 200 Rogers Road, Kittery, Maine 03904. All Proposals must be received no later than **6:00 p.m. on March 20, 2014**. Any late Proposals will not be accepted or opened. Proposal forms and specifications may be obtained at the Town Manager's Office from 8:00 – 6:00 P.M., Monday through Thursday or online at [www.kitteryme.gov](http://www.kitteryme.gov). The Town reserves the right to reject any or all Proposals. Proposals will be opened publicly at the time of Proposal deadline. Bidder may be represented at Proposal opening if so desired.

Information or questions concerning this contract should be directed to Cindy Saklad, Finance Director, Town of Kittery, 200 Rogers Road, Kittery, Maine. Contact: 207-475-1315 or by email at [csaklad@kitteryme.org](mailto:csaklad@kitteryme.org).

The Town of Kittery is an Equal Opportunity/Affirmative Action Employer

**TOWN OF KITTERY, MAINE**  
**STANDARD INSTRUCTIONS TO ALL PROPOSERS**

These instructions are standard for all proposals issued by the Town of Kittery, Maine for the purchase of all supplies, materials, equipment and the furnishing of certain services.

1. The attached proposal is signed by the Proposer with full knowledge of, and agreement with, the general specifications, conditions and requirements of this Proposal.
2. Proposals must be submitted in sealed envelopes addressed to the Town **REQUEST FOR PROPOSAL - DO NOT OPEN**".
3. Proposals received later than the time and date specified in the "Request for Proposal" will not be considered. Withdrawals of Proposals, received later than the time and date set for the Proposal opening, will not be allowed.
4. If applicable, the Proposer shall insert the price per stated unit and extend a total price for each item **IN THE EVENT THAT THERE IS A DISCREPANCY BETWEEN THE UNIT PRICE AND THE TOTAL PRICE EXTENSION, THE UNIT PRICE WILL GOVERN.**
5. In accordance with the provisions of 36 M.R.S.A. § 1760 et. seq., the Town of Kittery is exempt from the payment of State sales and use tax and such tax or taxes must not be included in Proposal prices.
6. The Town reserves the right to reject any and all Proposals, wholly or in part; to waive technical defects, and to make awards in the manner deemed to be in the best interests of the Town.
7. The successful Proposer must at a minimum carry the following levels of insurance:

General Liability including	\$1,000,000 Each Occurrence
Bodily Injury and Property Damage	\$2,000,000 General Aggregate
Operations Aggregate	\$1,000,000 Combined Single Limit
Workers Compensation	\$100,000/\$300,000 with \$1 million excess
Automobile Liability	\$500,000 Combined Single Limit

Certificates of Insurance will be provided and approved by the Town prior to Contract award.

8. The Contractor shall indemnify and save harmless the Town, its officers, officials, agents and servants against and from all damages, costs and expenses which they or any of them may suffer by, from, or out of any and all, claims for payment for materials or labor used or employed in the execution of this contract, and also for injuries or damages received or sustained to person or property, or both, in consequence of or resulting from any work performed by said Contractor, or of or from any negligence in said work, or of or from any act or omission of said Contractor, and said Contractor shall also indemnify and save harmless said Town from all claims under the Workmen's Compensation Act arising under or out of this contract.

Information or questions concerning details or requirements for this contract should be directed to the Town Finance Director, Town of Kittery, 200 Rogers Road, Kittery, Maine 03904. Telephone: 207-475-1315.

**SPECIFICATIONS FOR**  
**ANNUAL AUDIT SERVICES PROPOSAL**  
**TOWN OF KITTERY, MAINE**

Sealed proposals for performing an audit for three years 2014, 2015, 2016 for the Town of Kittery will be received by the Town Manager until 6:00 P.M March 20, 2014 at which time they will be publicly opened.

A certified public accounting firm shall perform the general audit. These audits will be performed in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and procedures of the laws of the State of Maine, and the provisions of OMB Circular A-133 *Audits of State, Local Governments, and Non-Profit Organizations*.

**The period of the audit shall be for the 12-month periods ending June 30, 2014, 2015 and 2016.**

Auditing firms are requested to submit signed, written proposals giving firm fixed fees on the attached Proposed Fee Form. It is the intent of the Town to award the Town audit for a period of three years to the selected firm. However, the Town reserves the right to terminate the contract after the completion of any audit year, but no later than ninety (90) days prior to the completion of the next audit year.

Proposers are requested to attach to their Proposal an outline of their auditing qualifications, including a list of municipalities, governmental organizations and federal programs that they may have audited in recent years. The Town reserves the right to reject any or all proposals, to negotiate with any vendor, to waive procedures or take any action which it considers to be in its best interest.

Questions regarding this audit should be referred, in writing, to the Finance Director, Cindy Saklad, by telephone 207-475-1315 or by email to [csaklad@kitteryme.org](mailto:csaklad@kitteryme.org).

Proposals are to be submitted in a sealed envelope plainly marked "Request for Proposal on Auditing Services", addressed to Nancy Colbert Puff, Town Manager, Town of Kittery, 200 Rogers Road, Kittery, Maine 03904.

**REQUEST FOR PROPOSALS**  
**ANNUAL INDEPENDENT AUDIT**  
**TOWN OF KITTERY**  
**3 Year Contract**

The Town of Kittery invites qualified independent public accountants to submit proposals for the performance of an audit of its financial records for the 12 month period ending June 30<sup>th</sup> for the purpose of rendering an auditor's opinion regarding the fairness of applicable financial statements and compliance of the municipality with applicable legal provisions, accordance with generally accepted auditing standards.

I. General Information

The Town of Kittery is a chartered Municipal Corporation of the state of Maine with a Council/Manager form of government. The principal municipal departments, all of which will be subject to this audit, include General Government, Code Enforcement, Planning, General Welfare, Fire, Police, School, Public Works, Parks, Kittery Community Center and Trust and Agency funds.

The gross budget for fiscal year ending June 30, 2014 is \$28,362,000 for Town, School and Sewer which covers a full and part time work force of approximately 545 employees.

The Town maintains much of its accounting system on a MUNIS server, which was placed into service in 2004.

The accounting policies of the Town conform to generally accepted accounting principals as applicable to governmental units. The accounts are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting entity. Each fund is operated and accounted for with a separate set of self-balancing accounts. The various funds are grouped by type in the financial statements. The following fund types are used by the Town:

**GOVERNMENTAL FUNDS**

- a. General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted in another fund.
- b. Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes.
- c. Capital Projects Fund – The Capital Projects Fund is used to account for the Town's non-education designated and reserved fund balances.

## **PROPRIETARY FUNDS**

- d. Enterprise Fund – The Enterprise Fund is used to account for the operations of the pollution control plant. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges.

## **FIDUCIARY FUNDS**

- e. Fiduciary Funds - Trust and Agency Funds are used to account for assets held by the Town in a trustee or agency. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature and do not involve measurement of results of operation.

The financial statements of the general, sewer fund, trust fund and non-expendable trust funds are presented on the modified accrual basis.

The budgetary accounting records include revenues and appropriations. Budgetary encumbrance is being used on our computer system.

### **II. Audit Specifications**

The auditor shall examine the financial statements and supporting records of the Town at and for the twelve months periods ending June 30, 2014, 2015, and 2016. These audits will be performed in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and procedures of the laws of the State of Maine, and the provisions of OMB Circular A-133 *Audits of State, Local Governments and Non-Profit Organizations*.

### **III. Scope of Audit**

The auditor shall be engaged to conduct an examination of the financial statements, accounts, records and procedures of the Town of Kittery. The books of account and financial records to be audited are maintained and located at the Kittery Town Hall and the Kittery School Department offices during the Town's normal business hours, which are 8:00 a.m. to 6:00 p.m., Monday through Thursday.

The scope of the audit shall include, but not limited to the following:

- a. The audit shall be conducted in accordance with the standards set forth in this Request for Proposals, Section II, Audit Standards.
- b. The auditor shall review the system of internal control, operating procedures and compliance with the budgetary and legal requirements of the Town of Kittery and comment on any weaknesses in a management letter at no additional cost to the Town. Said management letter is to be completed by November 15<sup>th</sup> of each year. The purpose of the letter is to make known the recommendations of the auditor for which are felt would increase efficiency, improve internal controls and improve financial management policies. Twenty copies of the management letter will be necessary. The auditor shall audit the accounts of the School Department and provide a fiscal year audit in sufficient time to allow for timely filing with the State of Maine.
- c. The auditor should conduct an interview with the Town Manager and the Director of Finance at the conclusion of the audit.
- d. The scope of the audit shall include, but not be limited to the following:
  1. Balance sheet – All fund types.
  2. Statement of Revenues, Expenditures and changes in Fund Balance for all Fund types.
  3. Statement of General Fund Revenues, Expenditures, and changes in fund balance – Budget vs. Actual.
  4. Combined Statement and Revenues, Expenses, and changes in Retained Earnings/Fund Balance for Proprietary Fund type and similar trust funds.
  5. Comment to financial statements and scope of examination.
  6. Statement of changes in General and Proprietary Funds for Long Term Debt.
  7. Schedule of Federal Financial Assistance.
  8. Taxes Receivable, Tax Liens and Tax Acquired Property – General Fund.
  9. Management letter listing comments and recommendations by September 15<sup>th</sup> of each year.

10. Property valuation, assessment and appropriations – General fund.
  11. Schedule of School Department Revenues, Expenditures and Balances.
  12. Single Audit Act.
  13. GASB Pronouncements.
- e. The auditor shall prepare and file all required forms and reports of the State Department of Audit and the State Department of Educational and Cultural Services to meet required filing deadlines.
  - f. The auditor shall submit a written report containing an expression of opinion that the financial statements are fairly stated, or if a qualified or adverse opinion or disclaimer of opinion is necessary, the reasons thereof.
  - g. The auditor shall agree to make available its working papers upon request to meet any municipal financial needs, as well as in accordance with any federal and state provisions.
  - h. The partner or manager in charge of the audit shall be available to attend public meetings at which the auditor's report may be discussed.
  - i. The municipality views its engagement of an audit firm as an ongoing professional relationship in which the firm is expected to consult as required on auditing, accounting, financial reporting and other financial management questions which arise during the course of a year.

In addition, the firm is expected to provide the municipality with information on current developments and professional pronouncements which would affect its financial operations and management.
  - j. The firm shall furnish audit adjusting entries and a beginning Trial Balance for General Ledger accounts no later than November 15<sup>th</sup>.
  - k. Pre-audit work is to be scheduled to begin prior to June 30, and the audit to commence when financial records have been closed for the fiscal year.

- I. The completed report with appropriate schedules is to be delivered to the Town Manager's Office by November 30 of each year – 20 copies in total.

IV. Qualifications of the Firm.

The auditor shall include a summary of qualifications to perform a municipal audit, and shall also include a copy of its most recent peer review opinion. The auditor's proposal and qualifications must include a description of the audit firm and a summary of its prior experience. Also, the individuals assigned to audit the Town must have a minimum of three (3) years of municipal audit experience gained within the last ten (10) years. A list of local government clients including names, addresses and phone numbers must be included. The firm must have certified public accountants of staff supervising work team and overseeing all reporting. Information included should state whether the firm is local, regional or national.

V. Methodology

The Auditor shall provide a summary of the methodology to be used in performing the audit which should include a brief description of audit procedures. This information should be presented in a form to enable the Town to evaluate the firm's ability to identify, evaluate, and communicate on local governmental financial problems.

VI. Staff Assistance

The Town of Kittery and School Department Finance Department staff will provide assistance to the degree practicable and necessary. Response will be prompt for required information and all necessary books and records will be provided as well as the necessary physical facilities.

VII. Compensation

The proposal must indicate the maximum total fee your firm will charge for the audit services outlined in the Request for Proposal.

The total fee shall be broken down in the following categories for the three years:

- A. Town Audit
- B. School Audit
- C. Sewer Audit
- D. Single Audit
- E. Total

A Proposed Fee form is enclosed. The auditor shall not be reimbursed for any travel, per diem, photocopying, telephone bills or other related expenses of the audit unless incurred at the specific request of the Town. The final payment shall become due only after the submission of all reports required and their acceptance by the municipality.

## VIII. Instructions for Submitting

A copy of your proposal will be accepted in a sealed envelope marked "Proposal on Auditing Services" until 6:00 p.m., March 20, 2014. In order to obtain uniform evaluation and maximum comparability, the proposal must be organized in the following manner.

1. Title Page  
The title page should reference the Request for Proposal subject and name of municipality, the firm's name, address, telephone number, the date, and the name and title of the contact person.
2. Table of Contents  
The table of contents must clearly identify the organization of the proposal by sections and include page numbers for easy reference.
3. Letter of Transmittal  
The letter should state the firm's understanding of the scope of the audit and contain a firm commitment to meet the audit specifications contained in Section II within the proper time period (s).  
  
In addition, the letter should identify the name of the person who will be authorized to make representation of the firm and include that person's title, address and phone number.
4. Qualifications of the Firm  
The section must include all relevant information to assist the municipality in evaluating the firm's qualifications and experience in conducting municipal audits. See Section IV.
5. Technical Approach  
The proposal must include a summary of the firm's technical approach to performing a municipal audit. See Section V. for details.
6. Compensation  
The proposal must indicate total fee as outlined in Section VII. Please use enclosed Proposed Fee Form for dollar breakdown per category.

## IX. Evaluation of Proposal

The municipality shall evaluate the proposals on the basis of the qualifications, experience and responsiveness of the audit firms as well as the estimated cost of the engagement. The municipality must be satisfied that the auditors and their firm have a solid understanding of government programs generally and the operations of the municipality in particular.

The municipality may wish to conduct oral interviews with the firms considered most qualified in order to assist the municipality in the selection process.

The municipality reserves the right to accept or reject any proposal, to negotiate with any vendor, to waive technicalities or procedures, or to take any action it considers to be in the Town's best interest.

