



VILLAGE OF LAWTON

REQUEST FOR PROPOSALS
ANNUAL AUDIT SERVICES

The Village of Lawton is requesting qualified Certified Public Accountants to submit proposals for the performance of annual audits of its financial accounts and records for the purpose of rendering an Independent Auditors' Report and for performance of a federal Single Audit, should one be required, for the purpose of rendering the applicable Single Audit reports.

Proposals will be accepted at the office of the Village Clerk, 125 S Main Street, PO Box 367, Lawton MI 49065 until 4:00 p.m., on Tuesday, March 14, 2023 at which time the proposals will be publicly opened and read. All proposals must be received prior to the date and time shown above. No faxed proposals will be accepted.

Proposals must be submitted in a sealed envelope marked:

VILLAGE OF LAWTON
PROPOSAL FOR AUDIT SERVICES
PROPOSAL OPENING: Tuesday, March 14, 2023, at 4:00 p.m.

Specifications are available at the office of the Village Clerk, 8:00 a.m. - 5:00 p.m., Monday – Friday or on the Village of Lawton website at www.LawtonMI.com.

The Village of Lawton reserves the right to reject any or all proposals, to waive any irregularities and select the proposal most advantageous to the Village of Lawton.

Lisa Imus
Village Manager

Dated: February 15, 2023



Village of Lawton
COUNTY OF VAN BUREN, STATE OF MICHIGAN

REQUEST FOR PROPOSALS 2023

Independent Audit Services

INTRODUCTION

General Information

The Village of Lawton, hereinafter known as the Village, is requesting proposals from qualified firms of certified public accountants to audit its financial statements for its fiscal year ending February 28, 2023. This audit is to be performed in accordance with auditing standards generally accepted in the United States.

In addition, the Village is requesting an additional proposal for an audit of federal award programs, if needed. These audits are to be performed in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations, as well as the laws and standards prescribed by the State of Michigan and its Treasurer.

The Village has a long history of auditor relationships lasting extended periods. Siegfried Crandall, PC has been the Village's auditor since 2000. In this extended relationship, the Village has been well satisfied with the expertise, service, and results of the auditor's work. We have not sought proposals out of any dissatisfaction with the current auditor. We believe it is important to consider such relationships regularly, thoughtfully, and carefully. The Village wants to know what the market is for such services and be sure that we are obtaining the best service at the best value.

Terms of Engagement

As stated, the Village has historically, and would expect to continue, to sustain an audit relationship for a period of several years. In response to this RFP, we would consider a three- to five- year contract with additional renewals by mutual agreement of the parties.

The selected firm will be first engaged for the audit of the fiscal year ending February 28, 2023.

Any audit engagement contract will necessarily provide terms and conditions of performance, including all specifications of this RFP, and provide for termination of the relationship in the event satisfactory performance is not forthcoming.

Deadlines

An email indicating intent to submit a proposal should be sent to ImusL@LawtonMI.org not later than five o'clock p.m. on February 28, 2023. Firms indicating intent by this deadline will be included in notice of any addenda or modification to this RFP or the selection process.

Proposal responses to this RFP are due by four o'clock p.m. on March 14, 2023. The scope of the proposal will require presentation and submission in a traditional paper format. All proposals should be delivered to the attention of the Village Manager in a sealed package and should be clearly marked to indicate it is a ***“Proposal for Audit Services”***. This deadline is for receipt of the proposal at the Village of Lawton, Village Hall. The Village assumes no responsibility for the performance of any delivery service engaged by a potential vendor.

DESCRIPTION OF THE VILLAGE

Organization

The Village of Lawton is located in Van Buren County and serves an area of just over 2.3 square miles with a population of 1,850. The Village Code of Ordinances was adopted in the mid-1980's and amended as necessary. The Village is organized under Michigan's General Law Village Act and is governed by a Council-Manager form of government. The Village Council consists of a Village President, a President Pro-Tem and five Village Trustees. Each position is an elected position using a staggered four-year term, with one half of the board elected every two years, along with the President being elected every two years.

The Village of Lawton provides the following services to its citizens: police and fire protection, street maintenance and construction, flood control, water and sewer, building and code enforcement, economic development, general administrative functions and library services. Village of Lawton utilizes fund structures in accordance with current governmental accounting standards.

The Village's current budget, as adopted by the Village Council, is attached as Addendum A. This budget describes the scope of operations in the Village's funds and component units. A copy of the audit report for the year ended February 28, 2022 is attached as Addendum B.

Management

The current Village Manager is Lisa Imus who has been employed by the Village for three years. Ms. Imus' background is in public administration and economic development.

The Village also employs a Village Treasurer, a Police Chief and four Police Officers, six Department of Public Works employees including a Director, four Equipment Operators and one Wastewater Plant Operator. The DPW handles parks, water, waste water, streets and infrastructure. The village also employs a part-time Village Clerk, two part time crossing guards and a seasonal DPW position. The Village contracts out our Zoning Administration and Code Enforcement. The Library has a fund within Village, and has one full time librarian and four part-time employees.

Accounting Staff

Financial operations of the Village are headed by Lisa Imus, Village Manager. Other personnel include a Treasurer that handles accounts payable and utility billing. Our part-time Village Clerk handles accounts receivable and payroll.

Financial Information

The Village's annual budget consists of six (6) appropriated governmental funds, three (3) enterprise funds, and two (2) internal service funds. The 2023 budgeted expenditures total approximately \$4.1 million.

The Village levies 16.9595 mills for approximately \$750,000 in property taxes. The Village generates a significant amount of its revenue in its utility fund (water and sewer).

Financial Software

The Village utilizes BS&A Software for the functions of general ledger, payroll, accounts payable and disbursements, utility billing, miscellaneous invoicing, and cash receipting.

NATURE OF SERVICES REQUIRED

Scope of Work to be Performed

The Village desires the audit firm to express an opinion on the fair presentation of its consolidated financial statements in conformity with accounting principles generally accepted in the United States.

The Village also desires that the selected firm review and report on matters of internal control and other issues that may be useful recommendations to the Village. At a minimum, the audit process and report must comply with all pertinent standards in these regards.

The Village Council has not created an Audit Committee. Therefore, all reporting and interaction between the auditor and the governing body involve the Village Council as a whole (seven members).

Proposed fees must include all services required by standards in effect at the time of the proposal's submission. Changes in standards that would require a future change in fees should be noticed to the Village at the earliest possible opportunity.

The Village will also require that the audit firm answer questions and provide advice on accounting questions and issues with audit relevance during the fiscal year. This is expected to be accomplished predominantly by telephone or email and be of a limited nature. It is expected, however, to receive appropriate attention from the audit firm, with timely responses from appropriate staff. This service is to be included in the regular annual audit fee.

Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with auditing standards generally accepted in the United States as set forth by the American Institute of Certified Public Accountants, and Government Audit Standards, as set forth by the Government Auditing Standards Board, and all requirements of the State of Michigan for local units of government.

Deliverables/Reports to be Issued

Following the completion of the audit, the engaged firm shall issue the following reports:

- Opinion on the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles;
- Presentation of financial statements and other required and supplemental information as required by relevant standards and regulatory requirements;
- Management letter containing recommendations for improvement in processes and procedures, if any;
- Independent auditors' report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, if necessary;
- Independent auditors' report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133, if necessary;
- Schedule of expenditures of federal awards, if necessary;
- Schedule of findings and questioned costs, if necessary;
- Schedule of depreciation of assets and coordinating calculations;
- Reportable conditions/material weakness letter, if applicable.
- A presentation to the Village Council of the results of fiscal activity for the year, the audit itself, and any recommendations with appropriate illustrative materials.
- The F-65 or successor or similar report required by the State of Michigan.
- Act 51 Annual Financial Report (ADARS) or similar report required by the State of Michigan.

The auditor will reproduce and bind, at its cost, twelve (12) copies each of the basic audit report, the management letter, each document required under the single audit (if one is performed), and the materials attendant to the Village Council presentation.

The auditor will also supply the Village with electronic file versions of each document (e.g. PDF or Microsoft Office formats).

The auditor will directly submit all required documents to the State of Michigan timely. The auditor will provide documentation of such submissions to the Village.

Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditing firm's expense, for a minimum of seven (7) years, unless the firm is notified in writing by the Village of the need to extend the retention period. The audit firm will be required to make working papers available upon request by the Village. Reports, documents, and working papers will only be released with specific written permission and direction from the Village.

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

CALENDAR OF RFP EVENTS

- | | |
|---------------------------------------------------------------------------|------------|
| ➤ Issue Request for Proposals (RFP) | 02/15/2023 |
| ➤ <u>Deadline</u> for Email Indicating Intent to Submit a Proposal | 02/28/2023 |
| ➤ <u>Deadline</u> for Submission of Proposals | 03/14/2023 |
| ➤ Final Selection by Village Council | 03/28/2023 |
| ➤ Selected Firm Notified | 04/01/2023 |

Date Preliminary Audit Work May Commence

The Village expects to have records ready and personnel available to meet with the firm's personnel for preliminary work as of April 15, 2023. It is also anticipated that the Village will have year-end general ledger closed and be ready for audit activity with reasonably adjusted trial balances by April 15, 2023. Preliminary fieldwork may be flexibly scheduled on mutual agreement.

Audit Schedule

A schedule for the audit must be submitted with the firm's proposal and must contain the following milestones:

- Interim work plan;
- Detailed audit plan;
- Fieldwork schedule;
- Draft reports availability.

Report of 2022 Audit

The audit prepared for the year ended February 28, 2023 will be presented to the Village Council at the Regular Council meeting on the second Tuesday of August 2023. Complete and final copies of the pertinent reports must be delivered to the Village not later than July 31, 2023.

ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

Financial Staff and Clerical Assistance

The Village's Finance staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of any confirmations will be the responsibility of the Village.

Statements and Schedules to be Prepared by the Staff

The Village will prepare statements and schedules for the firm wherever possible and appropriate. Village staff routinely creates and posts year end accruals for payables, receivables, wages, etc.

Village staff maintains all fund financial statements. The preparation of government wide statements has been performed directly by the auditors since 2000.

Work Area, Telephones, Photocopying and FAX Machines

The Village will provide the firm with reasonable workspace, desks, and chairs. The firm will also be provided with reasonable access to telephone lines, photocopying facilities, and fax machine.

Report Preparation

Report preparation, editing, and printing will be the sole responsibility of the selected firm.

VI. PROPOSAL PREPARATION AND SUBMISSION PROCEDURES

Submission of Proposals

The Village will NOT reimburse firms for any expense incurred in preparing proposals in response to this RFP. Submission of a proposal indicates acceptance by the firm of the conditions contained

in this RFP unless clearly and specifically noted in the submitted proposal and confirmed in the written contract between the Village and the selected firm.

The Village reserves the right to reject any or all proposals and to select and engage that firm deemed to best meet the Village's needs, cost and other factors considered. The Village reserves the right to waive any irregularity or non-compliance in any proposal, including proposals submitted after the prescribed deadline. During the evaluation process, the Village reserves the right, where it may serve the Village's best interest, to request additional information or clarifications, or to allow correction of errors or omissions. At the discretion of the Village, firms submitting proposals may be requested to make an oral presentation as part of the evaluation process. Not all firms may be asked to make oral presentations.

The Village reserves the right to retain all proposals submitted and to use any ideas in any proposal regardless of whether firm is selected. Submission of proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly specifically in the proposal submitted and confirmed in the written contract between the Village and the selected firm.

VII. CONTENT OF PROPOSALS

The purpose of the proposal is to demonstrate the competence, experience, and capability of the firm seeking to undertake the services anticipated. As such, the substance of the proposals will carry more weight than their form or manner of presentation. Elaborate or expensive bindings or other unnecessary forms of presentation are specifically discouraged. The proposal should demonstrate the capabilities of the firm and should specifically identify the audit approach that will be used to meet the RFP requirements.

Detailed Proposal

The proposal should address all points outlined in the RFP. The proposal should be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the following subjects, item numbers 1 through 9, must be included. They represent the criteria against which the proposal will be evaluated.

1. Independence

- The firm should provide an affirmative statement that it is independent of the Village as defined by the U.S. General Accounting Office's Governmental Auditing Standards.
- The audit firm should also provide an affirmative statement that it is independent of all of the contracted service providers of the Village as defined by those same standards.
- The firm should also list and describe the firm's professional relationships involving the Village or any of its contracted service providers for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

2. License to Practice in Michigan

An affirmative statement should be included indicating the audit firm and all assigned key professional staff are properly licensed to practice in Michigan.

3. Firm Demographics

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

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The audit firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. 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 (3) years with state regulatory bodies or professional organizations.

4. Partner, Supervisory, and Staff Qualifications and Experience

The audit 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 Michigan. The firm should also provide information on the governmental auditing experience of each person.

The firm should provide as much information as possible regarding the number, qualifications, experience, and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the continuing quality of staff over the term of the agreement would be assured.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those 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 Village. However, in either case the Village retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this RFP can only be changed with the express prior written permission of the Village, which retains the right to approve or reject replacements.

Other firm personnel may be changed, provided replacements have substantially the same or better qualifications and experience.

A specific and sufficiently detailed description of the firm's process for obtaining and maintaining current expertise in audit standards and requirements applying to local units of government in Michigan should be a particular focus of the proposal.

5. Engagement Experience

For the firm's office that will be assigned responsibility for the audit, list at least three engagements performed in the last five years that are similar to the engagement described in this RFP. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Additional references, beyond three, of this type are preferred.

The Village is seeking proposals from firms with significant comparable experience. It will be important for the firm to demonstrate successful experience in directly comparable situations, including, but not necessarily limited to, cities with component unit and utility operations, bonded debt, and similar sized staffs and budgets.

6. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed. The work plan should also describe how the firm would achieve audit efficiency through risk-based auditing and through the application of technology to the engagement.

7. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the Village.

8. Total All-inclusive Maximum Cost

The proposal should contain all pricing information relative to performing the financial statement audit engagement as described in this RFP. Pricing should include an estimate of total staff hours broken down between partner, manager, and staff accountants. The proposal should also, separately, identify the additional cost for a single audit. The total all-inclusive maximum price is to contain all direct and indirect costs including all travel and out-of-pocket expenses.

The cost should be fully specified for each year of the proposed contract.

The cost of the first year of the engagement shall be fixed and not adjustable.

As an alternative to stating a fixed known cost for continuing years, escalators (e.g. CPI) may be used, but are not required, for the second and following years. Changes to future costs may be considered in response to specific, required changes in auditing standards or reporting that directly affect the firm's costs. The Village expects to be consulted on any such changes as far in advance as possible.

9. Conflict of Interest

The firm must indicate any potential conflict of interest that exists in regard to their ability to respond to this RFP. This includes a description of the firm's relationship to the Village or any of its employees, officers, agents, or agencies, component units, or oversight unit(s), together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the services in the proposal.

Pursuant to the provisions of Public Act 317 of 1968, as amended (MCL 15.321 et seq.), no contracts shall be entered into between the Village including all agencies and departments thereof, and any employee or officer of the Village.

To avoid any real or perceived conflict, all proposals shall, to the extent possible, identify any relative of the firm or of the firm's employees who are presently employed by the Village.

EVALUATION PROCEDURES

The proposal should demonstrate the qualifications of the vendor and should specify the approach that will be used to meet the RFP requirements. The Village will evaluate proposals to determine the following:

- Experience and performance on comparable projects.
- The capacity of the organization to provide the services outlined in the RFP within the periods of time specified, including immediate start-up.
- The responsiveness of the proposal to the requirements and all terms of the RFP.
- The proposed costs for services.
- Any other information deemed relevant by the Village.

The proposal should address all the requirements outlined in the request for proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements of the request for proposals.

During the evaluation process, the Village reserves the right, where it may serve the Village's best interest, to request additional information or clarification from vendors, or to allow correction of errors or omissions. At the discretion of the Village, vendors submitting proposals may be requested to make oral presentations as part of the evaluation process. Reasonable advance notice will be provided to selected vendors. Not all vendors submitting a proposal will be asked to participate in oral presentations.

The Village reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether or not that proposal is selected. The Village also reserves the right to reject any and all proposals, awarding the contract to other than the lowest priced vendor, and to waive

irregularities and/or formalities and informalities. In addition, the Village has the right to accept any proposal, which in its judgment best serves the Village's interests. Submission of a proposal indicates acceptance by the vendor 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 Village and the selected vendor.

FREEDOM OF INFORMATION ACT

Firms are hereby notified that all information contained in their proposal is subject to the provisions of the Michigan Freedom of Information Act.

CONTACT INFORMATION

All proposals should be sent to the following address:

Village of Lawton
Lisa Imus, Village Manager
125 S Main Street, PO Box 367
Lawton, Michigan 49065

Questions may be directed to Lisa Imus via email at ImusL@LawtonMI.org (no phone calls please). The Village may decline to provide specific instructions to potential vendors. The Village may also, in its discretion, distribute responses to questions received to all vendors indicating intent to submit a proposal.