City of Dillingham Action Memorandum Agenda of: June 1, 2017

Action Memorandum No. 2017-08

Subject:

Authorize City Manager to execute a contract w/ Altman Rogers & Co. to perform audit of City's FY17, FY18, and FY19 financial statements.

City Manager: Recommend Approval

Signature: Jamie Williams Acting City Mgr

Fiscal Note: ☑ Yes ☐ No **Funds Available:** ☑ Yes ☐ No

Other Attachments:

-RFP 2017-05 Financial Audit
-RFP 2017-05 Score Sheet Summary
-RFP 2017-05 Notice of Intent to Award

Summary Statement:

City's contract w/ Altman Rogers & Co. was for the audit of FY14, FY15, and FY16 financial statements.
City posted an RFP for audit services on 3/31/17 with a deadline of 4/27/17.
Based on the evaluation criteria established in the RFP the City has provided a Notice of Intent to Award to Altman Rogers & Co. to perform audit of City's FY17, FY18, and FY19 financial statements.
The contract amount will total $195,105.00 and is broken out as follows:
FY17 = $64,610 FY18 = $65,035 FY19 = $65,460

Action Memorandum No. 2017-08

Summary Statement continued:

PASSED and APPROVED by a duly constituted quorum of the Dillingham City Council on 6/1/17.

Mayor

ATTEST: [SEAL]

City Clerk

Route to	Department Head	Date
X	Finance Director	6/2/17
X	Planning Director	6/2/17
X	City Clerk	6/2/17

City of Dillingham
Fiscal Note

Agenda Date: June 1, 2017

Award Audit for FY17, FY 18, and FY 19

ORIGINATOR: Janice Williams

FISCAL ACTION (TO BE COMPLETED BY FINANCE)		FISCAL IMPACT ☑ YES ☐ NO
AMOUNT REQUESTED: $195,105		FUNDING SOURCE **General Fund**
FROM ACCOUNT 1000 7010 10 17 0000 0	$195,105	Project Conduct FY 17, FY 18, and FY 19 Audits
TO ACCOUNT:	VERIFIED BY: Anita Fuller	Date: 5/19/2017

EXPENDITURES

OPERATING	FY18	FY19	FY20	
	$ 64,610.00	$ 65,035.00	$ 65,460.00	
TOTAL OPERATING	**$ 64,610.00**	**$ 65,035.00**	**$ 65,460.00**	**$ -**

CAPITAL	$ -			

REVENUE				

FUNDING

General & Special Rev. Funds	$195,105			
State/Federal Funds				
Other	-			
TOTAL FUNDING	**$ 195,105**	**$ -**	**$ -**	**$ -**

POSITIONS

Full-Time				
Part-Time				
Temporary				

ANALYSIS: (Attach a separate page if necessary) See Action Memorandum No. 2017-08

PREPARED BY: Janice Williams May 19, 2017

DEPARTMENT: Finance

APPROVED BY: Anita M Fuller 5/22/17

RFP 2017-05, Independent Financial Statement Audit, Federal Single Audit, and State Single Audit

The City of Dillingham is soliciting proposals for audit services for three years beginning with the fiscal year ending June 30, 2017.

After the initial three year award, the contract may be renewed on a year-to-year basis for two additional years. This renewal will be by mutual agreement, confirmed in writing and approved by the City Council. The maximum length of the contract is five (5) years.

Inquiries should be directed Finance Director, Navin Bissram at 907-842-5211 or via email at finance@dillinghamak.us

Proposals will be accepted until 2:00 PM on Thursday, April 27, 2017

Proposals will be evaluated on the same day and a Notice of Intent to Award will be given after the evaluation process is complete. A contract to award will be authorized at the May 4, 2017 regular meeting of the Dillingham City Council.

ELECTRONIC AND FAXED PROPOSALS WILL NOT BE ACCEPTED

Background

Description of the City of Dillingham

The City of Dillingham (City) was incorporated in 1972 as a first-class city with a council-manager form of government. The City is not part of an organized borough and collects its own sales, real and personal property taxes.

Dillingham is a community of approximately 2,400 residents and is about 300 air miles from Anchorage. There is no road access. The economy is based on the fishing industry and some tourism related to the Tikchik-Wood State Park.

The City has approximately 55 employees and provides the following services: police, dispatch, jail, DMV, fire, water, sewer; public works including roads and streets, building and vehicle maintenance; planning, administrative services, landfill, library, senior center, dock, and harbor.

Substantially all employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska.

Scope of Work

The examination shall be conducted in accordance with generally accepted auditing standards, as adopted by the membership of the American Institute of Certified Public Accountants (AICPA). The audit scope and opinions are to be in accordance with AICPA Audit and Accounting Guide "Audits of State and Local Governmental Units" including relevant Statement of Position, and principles prescribed by the Government Accounting Standards Board.

The examination shall include opinions as to compliance with the Federal Single Audit Act and OMB circular A-128 and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits.*

The auditors shall accept responsibility to work with the component unit and its auditors for financial statement presentation.

The scope of the audit shall include all accounts of the city.

The auditors shall accept the responsibility to express an opinion on the combined statements.

The opinions shall be dated within a 45 day period after completion of field work and delivered within a 30 day period after opinion date, but in no case later than the 15th of December.

A separate report on compliance and internal controls required for the Federal and State Single Audits shall be prepared by the auditor. Opinions relating to the Federal and State Single Audits shall be dated and delivered the same as above. Copies of the report shall be made in accordance with Federal and State requirements plus 15 extra copies.

The auditor shall observe the adequacy of the systems of internal control, accounting procedures and other significant matters. If material weaknesses are noted, appropriate recommendation should be reviewed with management and included in a letter to the Council of the City of Dillingham. Fifteen copies of each management letter shall be provided.

Required Proposal Content

To achieve a uniform review process and obtain the maximum degree of comparability, it is required that proposals are organized in the manner specified below:

A. Title Page: Show the Request for Proposal subject, the name of your firm, local address, telephone number, name of contact person and date.

B. Table of Contents: Clearly identify the material by section and page number.

C. Letter of Transmittal: Limit to not more than two printed pages. Briefly state your firm's understanding of the services to be provided, the reporting entity and its accounting environment. Include the names of persons who will be authorized to make representations for your firm, their titles, addresses and telephone numbers. This letter must be signed by an individual who has the authority to bind the firm.

Required Proposal Content continued.

D. Profile of the Audit Organization, Technical Qualifications, and Approach:
   1. Firms submitting proposals must have an Alaska decision-making office.
   2. Indicate the number of people (by level) located within the Alaska office that will handle the audit.
   3. Provide a list of the Alaskan office's current and prior government audit clients (borough and school district accounts, other local governments, federal and/or state single audits, grant compliance audits), indicating the type(s) of services performed and the number of years served by each.
   4. Indicate the Alaska office's experience in providing additional services to government clients by listing the name of each government, the type(s) of service performed and the year(s) of engagement.
   5. Describe your audit organization's quality control program for audits. Include dates of participation in a peer review or similar program.
   6. Identify any disciplinary action against the firm.
   7. Describe your approach to the audit. This should include at least the following points:
      - Type of audit program used (tailor-made, standard government, or standard commercial).
      - Use of statistical sampling.
      - Use of computer audit specialists.
      - Organization of audit team and approximate amount of time spent on audit.
      - Management Letter (provide a sample).
      - Typical assistance expected from City staff.
      - Tentative timetable outline for completing audit within specified deadline of RFP.

      The proposal must include a positive affirmation that:
      - The firm is authorized to use the term "certified public accountants" or "CPA" as set forth by the Accountancy Act (A.S. 08.04)
      - The firm's personnel have experience and expertise in governmental accounting and Federal and State Single Audit requirements.
      - The firm meets the standards of independence required by the Government Auditing Standards (Yellow Book).
      - The firm does not have a record of substandard audits according to records maintained by the State Division of Occupational Licensing.

Summary of the Proposer's Individual Audit Staff Technical Qualifications:

   8. Identify the partners, managers and supervisors/seniors who will be assigned to work on the audit, including any staff from other than the Alaska office. Include their resumes. Describe their experience in local government audits, federal and state single audits, and grant compliance.
   9. List relevant continuing professional education for the last three years for each individual assigned to the audit.

E. Scope Section:
   1. Clearly describe the scope of the required services to be provided. In addition to services included for the examination, specific reference must be made to the requirements of the Federal Single Audit Act of 1984 and the OMB circular A-128 and the state of Alaska single audit requirements established by 01.AAC.45.010.
   2. Although no escalation in the scope of the audit is anticipated by management, the proposal shall include a description of how cost increases, or decreases, shall be calculated in the event that scope is altered.

Required Proposal Content continued.

F. Conformance with Fixed Fee:
Projected Hours – In order to determine the proposer's ability to conform to the fixed fee set forth, the City requires that the estimated hours of audit work by staff level be disclosed in the technical proposal. This is to aid in determining that the engagement has been reasonably planned and, therefore, that the fixed fee can reasonably be adhered to by the proposer.

Proposal Evaluation and Selection Process

Proposals will be evaluated to ascertain which proposer meets the best overall needs of the City. A committee of administrative personnel will conduct the evaluation. The factors to be evaluated are as follows:

1. The firm's size and experience in providing comprehensive insurance coverage to municipalities in Alaska.
2. Premium cost and proposed coverage (including any additional services provided by the proposer as part of their agreement).

The selected firm will be awarded a three-year contract for the period beginning July 1, 2017.

Submittal Requirements and Information

To be considered, all proposals shall include **(1) original** and **(2) copies** which must be delivered to the address below, on or before the deadline no later than 2:00 p.m. on Thursday, April 27, 2017. C.

Proposers must fill in each line of the Cost Proposal Page included as Attachment A, and all proposals shall follow the format on the Cost Proposal Page with respect to price quotations.

No proposals shall be accepted after the above date and time. Proposals received after the time specified will be returned to the proposer unopened.

If it becomes necessary to revise any part of this RFP or otherwise provide additional information, an addendum will be issued by the City at least five (5) calendar days before proposals are due.

All persons receiving this RFP shall designate a contact person, telephone number and fax number.

It is the responsibility of the proposer to ensure that their proposal and subsequent modifications, if any, are received prior to the time of the scheduled proposal opening.

Please mark the envelope to identify the project: **RFP 2017-05 Financial Audit**

Delivery instructions – mail or hand deliver in a sealed envelope to:

City Planner's Office
City of Dillingham
PO Box 889
Dillingham, AK 99576

ELECTRONIC AND FAXED PROPOSALS WILL NOT BE ACCEPTED

Submittal Requirements and Information continued

The City of Dillingham reserves the right to reject or accept any or all bids, to waive irregularities or informalities in the proposal, and to give particular attention to the qualifications of the proposer.

The City reserves the right to revise or clarify the RFP, respond to questions, and/or extend or shorten the due date of proposals.

The City retains the right to cancel the RFP process if it is in their best interest. Any cost incurred by proposers for the preparation and submittal of the proposal is the sole responsibility of the proposer.

A proposal may be corrected or withdrawn by a written request received prior to the deadline for receipt of proposals.

All proposals and other material submitted become City property and may be returned only at their option.

The City assumes no responsibility or liability for the transmission, delay, or delivery of proposals by either public or private carriers.

Any and all media announcements pertaining to this RFP require the City's prior written approval.

This RFP does not obligate the City or the selected proposer until a contract is signed and approved by all parties.

Proposal Evaluation and Selection Process

Proposals and comments of references will be evaluated to ascertain which proposer best meets the needs of the City. The evaluation will be conducted by a committee of administrative personnel. The factors to be evaluated are as follows:

1. The proposal's responsiveness in clearly stating the understanding of the work to be performed.
2. The firm's size and evidence of adequate planning regarding labor-hours required. This is to help in determining the firm's ability to complete the project in a timely manner within the fixed-fee constraints.
3. The firm's experience with engagements similar to the City of Dillingham.
4. The firm's technical qualifications and the technical qualifications of the individuals who will be assigned to the audit.

Proof of Insurance and Licensing

Responding bidders will be required to provide the following prior to "Notice of Award":

- Copy of 2017 City of Dillingham Business License
- Copy of current, valid State of Alaska Business License
- Outline the error and omissions (professional liability) and fidelity bond coverage you firm carries. Provide a valid current Certificate of Insurance.

Any and all insurances described above shall include an endorsement stating the following: sixty (60) days advance written notice of cancellation, non-renewal, reduction change, shall be sent to the City Manager, PO Box 889, Dillingham, AK 99576.

Other Items

A. Engagement Fees: The City requires that the entire engagement be a fixed fee contract to include all expenses. No additional fees or costs will be allowed unless authorized in advance and approved in writing by the City Manager. For any additional fees/costs so authorized, the City requires that the fees for additional financial work be expressed as a fixed hourly rate for each fiscal year subject to audit, quoted for each staff category of the proposer (i.e., partner, manager, senior, etc.), and that the detail of the costs be disclosed.

B. Payment: Payment will be made upon receipt of detailed invoices at the following phases of the audit:
    1. At completion of interim
    2. At completion of field work
    3. Upon receipt of all reports by the City.

C. Coordination required: The City requires that the external auditors coordinate their work with City personnel as follows:
    1. Schedules of coordination of work required for the conduct of the audit will be developed by the auditor and the Finance Director.
    2. At least two weeks prior to the commencement of audit work, the auditor and the Finance Director will agree on the audit work papers expected to be prepared by the City and any other work that is to be done by the City.

D. Costs of Bidding: The City is not liable for any costs incurred by proposers in preparing or submitting proposals.

E. Contract Award in Best Interest: The City reserves the right to accept or reject proposals on each item separately or as a whole, to reject any or all proposals without penalty, to waive informalities or irregularities and to contract as the best interest of the City may require in order to obtain the services which best meet the needs of the City as expressed in the RFP.

F. Nondiscrimination: the audit certified accounting firm will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age, sex, or marital status, or handicap.

G. Changes: No proposal may be modified by proposers after submission. However, after submission, a proposal may be withdrawn by written request, signed by the individual who signed the proposal or an authorized representative. Resubmission is permitted if the reviewed proposal is received by the City prior to the time proposals are due.

Attachment A-1

Schedule of Professional Fees and Expenses for the

Audit of the FY17 Financial Statements

	Hours	Standard Hourly Rate	Quoted Hourly Rates	Total
Partners		$	$	$
Manager				
Supervisory Staff				
Staff				
Other (Specify)				
Subtotal				

Out of pocket expenses:

Meals & Lodging $_____

Transportation $_____

Other (Specify) $_____

Total all-inclusive maximum price for FY17 audit $_____

Attachment A-2

Schedule of Professional Fees and Expenses for the

Audit of the FY18 Financial Statements

	Hours	Standard Hourly Rate	Quoted Hourly Rates	Total
Partners		$	$	$
Manager				
Supervisory Staff				
Staff				
Other (Specify)				
Subtotal				

Out of pocket expenses:

Meals & Lodging $_____

Transportation $_____

Other (Specify) $_____

Total all-inclusive maximum price for FY18 audit $_____

Attachment A-3

Schedule of Professional Fees and Expenses for the

Audit of the FY19 Financial Statements

	Hours	Standard Hourly Rate	Quoted Hourly Rates	Total
Partners		$	$	$
Manager				
Supervisory Staff				
Staff				
Other (Specify)				
Subtotal				

Out of pocket expenses:

Meals & Lodging $_____

Transportation $_____

Other (Specify) $_____

Total all-inclusive maximum price for FY19 audit $_____

RFP 2017-05 FINANCIAL AUDIT SERVICES SCORE SHEET SUMMARY

Company	Rates			
	FY17	FY18	FY19	TOTAL
Altman Rogers & Co.	$64,610.00	$65,035.00	$65,460.00	$195,105.00
BDO USA, LLP	$77,775.00	$77,775.00	$77,775.00	$233,325.00

Apparent low bidder is highlaged orange

NOTICE OF INTENT TO AWARD

ISSUE DATE: May 10, 2017

RFP NUMBER AND TITLE: RFP 2017-05 Financial Audit

RFP DEADLINE: April 27, 2017 at 2:00 PM

BIDDERS OF RECORD INCLUDE:

-Altman Rogers & Co. -BDO USA, LLP

*A proposal was received by Aldrich CPAs + Advisors LLP was received after the deadline, therefore it was not included as part of the proposal scoring.

Based on the evaluation criteria established in the Request for Proposal (RFP), the City of Dillingham hereby provides notice of its intent to award the contract to these vendor(s):

Altman Rogers & Co.
425 G Street
Anchorage, AK 99501

Any bidder who believes the contract has been improperly awarded may file a protest with the City Clerk, Janice Williams, within 5 days from the date of this notice and appear in person before the City Council according to the provision of the Dillingham Municipal Code Section 4.30.100 E.

The entire Dillingham Municipal Code can be found on the City's website.

Prior to issuance of a Notice to Proceed, the successful bidder must provide the license and insurance documents as outlined in RFP 2017-05 to the City of Dillingham prior to C.O.B on June 1, 2017.

The successful vendor is instructed not to begin work, purchase materials, or enter into subcontracts relating to the project until both the recipient and the City have signed the contract or the vendor has been otherwise notified. AS 36.30.365.

Don Moore, City Manager
(907) 842-5148
manager@dillinghamak.us

RFP 2017-05 FINANCIAL AUDIT SERVICES SCORE SHEET SUMMARY

Company	Rates			
	FY17	FY18	FY19	TOTAL
Altman Rogers & Co.	$64,610.00	$65,035.00	$65,460.00	$195,105.00
BDO USA, LLP	$77,775.00	$77,775.00	$77,775.00	$233,325.00

Apparent low bidder is highlighted in orange