



CITY OF MARTINSVILLE, VIRGINIA

**REQUEST FOR PROPOSAL
AUDIT SERVICES**

**CONTACTS: LINDA H. CONOVER, BUDGET ANALYST;
KAREN H. MAYS, PURCHASING AGENT**

**CITY OF MARTINSVILLE
REQUEST FOR PROPOSAL – AUDIT SERVICES**

1.0 GENERAL INSTRUCTIONS

1.1 Invitation

The City of Martinsville Purchasing Department, on behalf of the City of Martinsville Council, hereby issues to qualified firms, licensed in the State of Virginia, a Request for Proposal (hereinafter referred to as “RFP”), for auditing services for the financial operations of City of Martinsville, Virginia.

1.2 Deadline

Seven (7) copies of a sealed proposal shall be submitted no later than 2:00 p.m., Monday, August 29, 2011, to the following:

by postal service only:

City of Martinsville
Attn: Karen Mays, Purchasing Department
PO Box 1112
Martinsville, VA 24114-1112

or by hand delivery, UPS or FedEx only:

City of Martinsville
Attn: Karen Mays, Purchasing Department
300 Fishel Street
Martinsville, Va. 24112-3248

Note: we do not receive mail by postal services at the Fishel Street address.

Sealed proposals shall be marked “Audit Services” along with the due date.

Proposals received after the deadline will be returned unopened.

2.0 INTRODUCTION & PROJECT OVERVIEW

The City of Martinsville is a political subdivision of the Commonwealth of Virginia and has all powers and duties set forth in the Constitution of Virginia (1971) and Code of Virginia (1950), as amended. The City operates under a

Council/City Manager form of government with the Manager serving as Chief Executive. The City also has elected officials known as Constitutional Officers in the areas of Treasurer, Commissioner of Revenue, Sheriff, Commonwealth's Attorney, and Clerk of Court. The City provides the following services: public safety, health and welfare, parks and recreation, community development, education and general administrative services. The City also operates four utilities: Refuse, Water, Sewer and Electric; and serves as fiscal agent for the Blue Ridge Regional Library, Piedmont Regional Criminal Justice Training Academy, Southern Virginia Recreational Facilities Authority, and West Piedmont Business Development Center. The City population is 13,821 (based on 2010 census).

The City of Martinsville financial statements contain all activities of the City. The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to governmental units promulgated by Governmental Accounting Standards Board ("GASB"). Governmental Funds and Agency Funds utilize the modified accrual basis of accounting while Proprietary Funds use the accrual basis of accounting.

The City is operating under an adopted budget of \$83,664,184 for all funds combined for the current year. The City School's budget is legally adopted prior to May 1 of each year and the City's total budget is legally adopted prior to July 1 of each year through passage of a resolution by the Council. The Council authorizes the transfer of budgeted amounts among departments within any fund and any revisions that alter the total expenditures of any Fund must be approved by the Council.

The City's general ledger accounting and payroll system is automated and integrated with our revenue systems. The City uses MUNIS Financial and Revenue systems on an IBM server platform with AIX operating system. The Financial system, which meets the GAAFR and GAAP standards, includes Accounts Payable, General Ledger, Payroll and Human Resources modules. The Revenue system includes Accounts Receivables, Taxes, Utilities, and Building Permits modules. There are approximately 250 personal computers on the City's network.

3.0 SCOPE OF SERVICES

3.1 The Contractor shall perform the annual audit of the financial operations of the City, which shall include the City of Martinsville Public Schools, and all related funds as specified herein. Other City agencies may be added during the period of this contract. The contract for the annual audit shall be for the current fiscal year ending June 30, 2012, and for fiscal year ending June 30, 2013. The City reserves the right to negotiate with the successful vendor for the following 3 years, subject to the availability of funds during these years.

3.2 The description of the audit to be performed for fiscal years 2012 and 2013 is as follows:

- A. Prepare financial statements and supplemental data in accordance with the specifications of the Auditor of Public Accounts, Commonwealth of Virginia, with drafts reviewed by appropriate City personnel prior to their issuance.
- B. Examine the general purpose financial statements of the City in accordance with (1) the generally accepted auditing standards as included in Statements on Auditing Standards, published by the American Institute of Certified Public Accountants, (2) Government Auditing Standards, issued by the Comptroller General of the United States and (3) Specifications for Audit of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia.
- C. Examine the combining and individual financial statements of the various funds and account groups as required by the Audit Specifications of the Virginia Auditor of Public Accounts.
- D. Perform a “single audit” by examining the major federal financial assistance programs in accordance with generally accepted auditing standards, the provisions of Government Auditing Standards, issued by the Comptroller General of the United States, Office of Management and Budget Circular A-133, Audits of State and Local Governments, and the provisions in Office of Management and Budget’s Compliance Supplement for Single Audits of State and Local Governments.
- E. Examine all funds of the City operation, which shall include but not be limited to:
 - 1. Government Funds
 - a. General Fund (major)
 - b. Meals Tax Fund (non-major)
 - c. Capital Reserve Fund (non-major)
 - d. Community Development Block Grant Fund (non-major)
 - e. Housing Choice Fund (non-major)
 - 2. Discretely Presented Component Units:
 - a. School Operating Fund
 - b. School Cafeteria Fund
 - c. School Grants Fund
 - 3. Proprietary Funds
 - a. Refuse Fund
 - b. Water Fund

- c. Sewer Fund
 - d. Electric Fund
4. Fiduciary Funds
- a. Insurance Fund
 - b. Sheriff's Fund
 - c. West Piedmont Business Development Center Fund
 - d. Piedmont Regional Criminal Justice Academy Fund
 - e. Southern VA Recreation Facility Authority Fund
 - f. Blue Ridge Regional Library Fund
- F. The Contractor, upon completion of its examination and preparation of the necessary reports, shall submit a management report of the findings on the system of internal control and related budgeting and operating procedures. Additionally, in its report, the Contractor shall offer suggestions for improving administrative methods, management operations and cost reductions, when considered by it to be within the flow of information between departments and central accounting.
- G. Review the submission to the Auditor of Public Accounts and provide the required auditor's report thereon.
- H. The Contractor shall complete all audit field work prior to September 30 next succeeding the fiscal year end.
- The Contractor shall furnish a written opinion dated no later than October 31 next succeeding the fiscal year end on the Annual Financial Report.
- The Contractor shall provide a management report prior to November 30 next succeeding the fiscal year end, with drafts reviewed by appropriate City personnel prior to issuance.
- I. A post audit shall be performed by the Contractor to insure that adjusting entries, if any, resulting from the audit are properly entered on the official records of City of Martinsville.

4.0 ADMINISTRATIVE REQUIREMENTS

The Contractor shall furnish a complete, camera ready copy of the Comprehensive Annual Financial Report, prior to November 30 next succeeding the fiscal year end.

The Contractor shall prepare the final Auditor of Public Accounts Comparative Reporting Transmittal forms, and review them with the City, no later than November 30 next succeeding the fiscal year end.

The Contractor shall furnish to City of Martinsville, thirty five (35) copies of the audited financial report by November 30 next succeeding the fiscal year end, as well as an electronic copy of the report.

The contractor shall provide all necessary proofing of its report by its own staff.

4.1 Contact for Technical Matters:

All questions concerning the work to be performed shall be addressed to:

Linda H. Conover, Budget Analyst
City of Martinsville
P.O. Box 1112
Martinsville, VA 24114-1112
(276) 403-5143
E-mail: lconover@ci.martinsville.va.us

Copies of prior period reports shall be furnished by City of Martinsville upon request.

4.2 Contact for Contractual Matters:

Karen H. Mays, Purchasing Agent
City of Martinsville
P.O. Box 1112
Martinsville, VA 24114-1112
(276) 403-5354
E-mail: kmays@ci.martinsville.va.us

5.0 FIRM'S RELATIONSHIP TO THE CITY

5.1 Independent Contractor

It is expressly agreed and understood that the Firm is in all respects an independent contractor as to work and is in no respect any agent, servant, or employee of the City. The contract shall specify the work to be done by the Firm, but the method to accomplish the work shall be the responsibility of the Firm.

5.2 Subcontracting

The Firm may subcontract services to be performed hereunder with the prior approval of the City, which approval shall not reasonably be withheld. No such approval will be constructed as making the City a part of, or to, such subcontract, or subjecting the City to liability of any kind to any subcontractor. No subcontract shall, under any circumstances, relieve the Firm of its liability and obligation under this contract; and despite any such subcontracting the City shall deal through the Firm, and subcontractors will be dealt with as representatives of the Firm.

5.3 Novation

The Firm shall not assign or transfer, whether by Assignment or Novation, any of its rights, duties, benefits, obligations, liabilities, or responsibilities under this contract without the consent of the City.

6.0 EVALUATION CRITERIA

Each firm's proposal will be evaluated, based on the following:

- a. Qualifications and experience of project team.
- b. Familiarity with the City's financial operations.
- c. Experience on similar projects.
- d. References.
- e. Clarity of the proposal.
- f. Ability to meet project schedule.

7.0 AWARD PROCEDURES

- 7.1 A selection committee shall review the proposals submitted. After each proposal has been evaluated based on the criteria listed in the RFP, short listing procedures will narrow the list of firms to the two or more best qualified. These firms will then be invited to an interview at which time each firm will be expected to conduct a presentation on its proposal and to answer questions of the selection committee.
- 7.2 Negotiations shall then be conducted beginning with the firm ranked first. If a contract satisfactory and advantageous to the City can be negotiated at a price considered fair and reasonable, the award shall be made to that offeror. Otherwise, negotiations with the offeror ranked first shall be formally terminated and negotiations conducted with the offeror ranked second, and so on until such a contract can be negotiated at a fair and reasonable price. Should the City determine in writing and in its sole discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that offeror.

- 7.3 The City reserves the right to reject any or all proposals submitted, and to waive any informality in the proposals. The right is also reserved to award the contract where it appears to be in the best interest of the City.
- 7.4 The City reserves the right to revise or amend this RFP prior to the date set for receipt of the proposals. The date set for receipt of proposals may be changed if deemed necessary by the City. Any revisions and/or amendments will be in the form of an addendum to this RFP.

8.0 SUBMISSION OF PROPOSALS & REQUIREMENTS:

8.1 Letter of Transmittal

Limit of two (2) pages. Make a positive commitment to perform the required work within the time frame provided. Also, give the name(s) of the person(s) who will be authorized to make representation, for your firm, their title, and telephone number.

8.2 Firm's Experience

Indicate prior experience of your firm in performing work of this nature. Provide resumes for key personnel who would be assigned to this project.

8.3 Approach

Indicate your understanding as to the scope of services requested and describe your firm's approach.

8.4 References

The firm shall provide a list of not less than five (5) references, of similar projects. The following information shall be provided: contact person, mailing address and phone number.

8.5 Code Compliance

All provisions of the Virginia Public Procurement Act governing the procurement of professional services will be adhered to.

8.6 Proposal Binding – Ninety (90) Days

Unless otherwise specified, all formal proposals submitted shall be binding for ninety (90) calendar days following the closing date, unless extended by mutual consent of both parties.

8.7 Termination

Subject to the provisions below, the contract may be terminated by either party upon thirty (30) days advance notice to the other party; but if any work or service hereunder is in progress, but not completed as of the date of termination, then this contract may be extended upon written approval by the City until said work or services are completed and accepted.

A. Termination for Convenience

In the event that this contract is terminated or cancelled upon request and for the convenience of the City without the required thirty (30) days advance notice, then the City shall negotiate reasonable termination costs, if applicable.

B. Termination for Cause

Termination by the City for cause, default, or negligence on the part of the contractor shall be excluded from the foregoing provision; termination costs, if any, shall not apply. The thirty (30) days advance notice requirement is waived in the event of Termination for Cause.

8.8 Employment Discrimination Prohibited - During the performance of this contract, the contractor agrees as follow:

a. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

b. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.

c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

The contractor will include the provisions of the foregoing paragraphs a, b and c in every subcontract or purchase order of over \$10,000 so that the provisions will be binding upon each subcontractor or vendor. The City does not discriminate against faith-based organizations.

8.9 Drug Free Work Place

During the performance of this contract, the vendor agrees to provide a drug-free workplace for the vendor's employees, post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the vendor's workplace and specifying the actions that will be taken against employees for violations of such prohibition.

State in all solicitations or advertisements for employees placed by or on behalf of the vendor that the vendor maintains a drug-free workplace. Include the provisions of the foregoing clauses in every subcontract or purchase order of or over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

"Drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a vendor in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.