



RFP No. 2021-01

Issued by: Finance Department

Proposal Due Date: Thursday, June 3, 2021 at 2:00 P.M. (CST)

1. INTRODUCTION & GENERAL INFORMATION

1.1 The City of Meadows Place, Texas (the “City”) is seeking qualifications, on the terms set out in the Request for Proposals (“RFP”), from qualified companies to provide Professional Audit Services from qualified firms of certified public accountants to audit the City’s financial statements for the City’s current and future fiscal years.

The City anticipates awarding a contract for Professional Audit Services to a qualified firm of certified public accountants to audit the City’s financial statements for the City’s fiscal years ending September 30, 2021, 2022, and 2023, with an option to renew the awarded contract for subsequent annual terms.

These audits shall be performed in accordance with the following requirements:

- Generally accepted auditing standards;
- Standards set forth for financial audits in the most recent U.S. General Accounting Office’s (“GAO”) *Government Auditing Standards*;
- Provisions of the Federal Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 and as further amended, if and as applicable; and
- Office of Management and Budget (“OMB”) Circular A-133, *Audits of State and Local Governments*.

1.2 There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals to respond to this request. Throughout this document, “Firm,” “Team,” “Vendor,” “Respondent,” “Proposer,” “Service Provider,” and “Supplier” may be used interchangeably and references the organization submitting a response to this RFP.

1.3 The Audit Proposal Review Committee is comprised of the City Manager, Finance Director, and City Secretary.

1.4 During the evaluation process, the Audit Proposal Review Committee and the City reserve the right, where it may serve the City's best interest, to request additional information or clarifications from a Proposer, or to allow corrections of errors or omissions. At the discretion of the Audit Proposal Review Committee or the City, Proposers submitting proposals may be requested to make oral presentations as part of the evaluation process.

1.5 The City reserves the right to retain all proposals submitted and to use any ideas contained in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the Firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the Firm selected.

1.6 It is anticipated that selection of a firm will be completed on or before June 22, 2021.

1.7 Term of Engagement. The City anticipates awarding a contract for Professional Audit Services to a qualified firm of certified public accountants to audit the City’s financial statements for the City’s fiscal years ending September 30, 2021, 2022, and 2023, with an option to renew the awarded contract for subsequent annual terms, subject to the annual review and recommendation of the Audit Proposal Review Committee, the satisfactory negotiation of terms (including a price determined to be fair and reasonable in accordance with Section 2254.003 of the Texas Government Code), and concurrence of the City Council and the annual availability of appropriation.

1.8 Subcontracting. No subcontracting will be permitted without the express prior written consent of the City.

1.9 Submission Requirements. Respondents are required to submit four copies (one original and three copies) and one (1) electronic copy, suitable for reproduction by the City, no later than 2:00 p.m. (CST) on Thursday, June 3, 2021.

The City will accept questions about this RFP and about any matter related to the scope of work through 2:00 p.m. (CST) on Tuesday, May 18, 2021. Questions must be emailed to citysecretary@cityofmeadowsplace.org. Responses to all questions will be publicly posted at Meadows Place City Hall, 1 Troyan Drive, Meadows Place, Texas 77477 on 2:00 p.m. (CST) on Tuesday, May 25, 2021. Potential respondents may also request an electronic copy of responses to all questions by emailing such request to citysecretary@cityofmeadowsplace.org.

Sealed envelopes shall be marked in the lower left-hand corner as follows:

**“DO NOT OPEN IN MAILROOM.
SUBMITTED IN RESPONSE TO REQUEST FOR PROPOSALS
FOR PROFESSIONAL AUDITING SERVICES – RFP NO. 2021-01”**

Address envelopes as follows:

**City of Meadows Place
Attn: Courtney Rutherford, City Secretary
1 Troyan Drive
Meadows Place, Texas 77477**

Respondent’s name and address must appear on the outside of the envelope.

2. CALENDAR OF EVENTS

The following is a proposed calendar of events for the auditor selection. Dates are subject to change with appropriate notice.

| Date | Description |
|------------------------|---|
| Thursday, May 6, 2021 | Publication in Newspaper |
| Tuesday, May 11, 2021 | Publication in Newspaper |
| Tuesday, May 18, 2021 | Deadline for Questions from Respondents at 2 p.m. (CST) |
| Tuesday, May 25, 2021 | Response to Questions from Respondents |
| Thursday, June 3, 2021 | Public Opening at 2:00 p.m. (CST) |

3. NATURE OF SERVICES REQUESTED & CRITERIA FOR EVALUATION

3.1 General. The City of Meadows Place, Texas (the “City”) is seeking Proposals, on the terms set out in the Request for Proposals (“RFP”), from qualified companies to provide Professional Audit Services from qualified firms of certified public accountants to audit the City’s financial statements for the City’s current and future fiscal years. These audits are to be performed in accordance with the provisions contained in this Request for Proposals.

3.2 Scope of Work to be Performed.

3.2.1 The City desires the auditor to express an opinion on the fair presentation of the City’s financial statements and supplementary information as it relates to the financial statements as a whole, in conformity with generally accepted accounting principles.

3.2.2 The auditor shall conduct an audit of the financial statements of the governmental activities, the component unit, and each major fund, including the related notes to the

financial statements, which collectively comprise the basic financial statements of the City.

- 3.2.3** To meet the requirements of this RFP, the audit should be performed in accordance with Generally Accepted Auditing Standards ("GAAS") as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of the Single Audit Act of 1996, as amended, and the provisions of U.S. Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Additionally, if required, the single audit work will be conducted in accordance with generally accepted governmental auditing standards to meet all federal grant audit requirements.
- 3.2.4** The auditor shall prepare the financial statements, annual financial report and the appropriate capital asset schedules including calculation of depreciation on the capital assets as required by generally accounting principles. Capital asset information will be provided by the City.
- 3.2.5** The auditor will advise the Finance Director of any additional adjusting journal entries needed to present the financial statements on the government-wide basis of accounting.
- 3.2.6** The auditor should submit a list of requested and agreed upon client-prepared schedules to the City's Finance Director prior to the start of fieldwork. Because the accounting division must carry on its normal operations during the audit, time constraints should be taken into account.
- 3.2.7** The financial statements of the Meadows Place Economic Development Corporation are included as a component unit of the City. The Meadows Place Economic Development Corporation is included within the scope of the City's annual audit.

3.3 Working Paper Retention and Access to Working Papers. All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available to the City and to the City's cognizant federal and state audit agencies at no charge.

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

3.4 Additional Evaluation Criteria. The following additional evaluation criteria will be considered in the evaluation process:

- 3.4.1** The audit firm is independent and licensed to practice in the State of Texas;
- 3.4.2** The audit firm's professional personnel have received adequate continuing professional education within the preceding two years; and
- 3.4.3** The firm has no conflict of interest with regard to any other work performed by the firm for the City.

3.5 Fees and Expenses. The costs quoted should be all inclusive. No additional charges will be accepted for such things as travel, telephone consultations, computer time, copies, fax copies, or any other such items. The reports and all rights thereto will become the exclusive property of the City of Meadows Place.

- Please provide services, fees, and any hourly rates for optional services.
- Provide annual budgets for client based on expected activities.
- In the last five years, has the Respondent been involved in any litigation, actions by a State Attorney General, or actions by the Department of Insurance related to fees or any services proposed? Is any action or litigation currently pending?
- Are any of the services provided being offered for no charge? If so, please describe.
- Describe your billing process in detail. Include a sample invoice to show how services provided are listed, amounts due, amounts received, etc. Include examples of any income offsets, such as commissions or other income.
- For project work, will you provide a not-to-exceed fee?
- How and when do you alert client of out-of-scope fees?
- Please provide any fees, by type of service, for the implementation and first year.

3.6 Submission Evaluation. The Audit Proposal Review Committee will use the evaluation criteria listed in the following paragraphs to evaluate Respondent submissions:

- **Quality of Service (35%):** The capabilities and experience of Respondents based on the scope of services outlined in Section 3.2 of this RFP.
- **Experience of Team (40%):** The industry experience, education, and tenure of those individuals assigned to manage the project. Respondents should provide responses to all items listed in Section 6 of this RFP.
- **Fees and Expenses (20%):** Although price will be a consideration in evaluating the submissions, it will not be the sole consideration. Respondents should provide responses to all items listed in Section 3.5 of this RFP.
- **HUB, SBE, SWBE, and Local Businesses (5%):** The City is vitally interested in promoting the growth of HUBs, SBEs, SWBEs, and local businesses by means of increasing the participation of these businesses in the City's purchase of goods and services.

4. DESCRIPTION OF THE CITY

4.1 Background Information. The City was incorporated in 1984 under the provisions of the State of Texas. The City of Meadows Place is a general law city and provides the following services as authorized: public safety (e.g., police), streets, water and wastewater, parks, public improvements, planning and zoning, and general administrative services. In 2020, the City's long-term bond debt was retired, resulting in \$0 bond payable on September 30, 2020. The City has continuous, every day, all day Fire and EMS protection through an agreement with the neighboring City of Stafford. In 2020, the City created a Charter Committee to begin drafting a charter to become a home rule city.

Meadows Place serves a population of approximately 5,000 individuals. The City is located in Fort Bend County and encompasses an area of about 1 square mile. The City is bordered by the City of Houston, the City of Stafford, and the City of Sugar Land. The City of Meadows Place's City Hall is located at 1 Troyan Drive, Meadows Place, Texas 77477.

The government of Meadows Place is composed of five (5) Council Members, all determined by City elections held in May of each year. Two (2) Council Members are elected one year, and three (3) Council Members are elected the following year. The Mayor is elected every two (2) years by City election held in May.

The City's fiscal year begins on October 1 and ends of September 30 of the following year.

4.2 Elected Officials

Mayor Charles D. Jessup
 Mayor Pro-Tem Kurt Kopczynski
 Councilmember Open
 Councilmember Tia Baker
 Councilmember Rick Staigle
 Councilmember Kelle Mills

4.3 Executive Staff

City Administrator David N. Haby
 City Secretary Courtney Rutherford
 Finance Director Anna-Maria Weston
 Police Chief Gary Stewart
 Public Works Director Rod Hailey
 Parks Director Colene Cabezas
 EDC Director Bob Graf

4.4 Inquiry Contacts. The City's day-to-day working relationship with the independent auditors will be coordinated by the Finance Director, Anna-Maria Weston. Inquiries regarding the RFP should be directed to Courtney Rutherford, City Secretary, by email, to citysecretary@cityofmeadowsplace.org. Inquiries should be conducted during normal business hours, Monday through Friday, from 9:00 a.m. to 4:00 p.m. Inquiries to any person other than the persons so named in this RFP may result in elimination of the proposal from any further consideration.

4.5 Fund Structure. As of October 1, 2020, the City's fund structure is as follows:

| Fund Type/Account Group | No. of Individual Funds | No. with Legally Adopted Annual Budgets |
|------------------------------------|-------------------------|---|
| <i>General Fund</i> | 1 | 1 |
| <i>Utility Fund (Enterprise)</i> | 1 | 1 |
| <i>General Long-Term Debt Fund</i> | 1 | 1 |
| <i>Economic Development Corp.</i> | 1 | 1 |

4.6 Financial Information. The City's FY 2020-2021 General Fund budget totaled \$5,766,957. The Utility Fund totaled \$1,676,000. More detailed information about the City and its finances can be found in prior financial reports. These are available to the proposers upon request or on the City's website at <http://www.cityofmeadowsplace.org/departments/financial-reports/>.

4.7 Budgetary Basis of Accounting. The City prepares its budgets on the modified accrual basis of accounting for governmental funds.

4.8 Federal and State Financial Assistance. During a fiscal year to be audited, the City may receive funding from federal and state financial assistance programs. A Single Audit may be required if the appropriate grant expenditure thresholds are met. Last year, the City was not required to provide a Single Audit report.

4.9 Pension Plans. The City's employees participate in the Texas Municipal Retirement System. Employees and are also eligible to participate in the International City Management Association-Retirement Corporation's (ICMA-RC) Section 457 deferred compensation plan.

4.10 Component Units. The City's reporting entity currently includes the Meadows Place Economic Development Corporation ("MPEDC"), a type B Corporation, as a discretely presented component unit. The

primary reason for inclusion of this component unit is the City's ability to designate management of this organization. The Members of the MPEDC are comprised of two City Council members and five Meadows Place citizens appointed by the City Council. Since the composition of this board is significantly influenced by the City, this organization is included as a component unit of the City.

4.11 Availability of Prior Audit Reports and Working Papers. Interested proposers who wish to review prior years' audit reports and management letters should contact the City Secretary so named in this RFP. The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this RFP.

4.12 Accounting Information. All primary records of the City are maintained on a computerized accounting system (Tyler Technologies – Incode version 9), which is directly interfaced with several supporting modules for source information including payroll, accounts payable, cash collections, municipal courts, and building permits. AVR uVisionPlus software is used for utility cash collections and billing, with payment distribution imported into Incode G/L.

5. SUPPLEMENTARY INFORMATION

5.1 The opinion will extend to an aggregating schedule of balance sheet accounts and an aggregating schedule of revenues, expenses, and retained earnings accounts for the Governmental Funds. The schedules will follow the combining financial statements and will provide details as to the operating accounts, debt service accounts, and capital project accounts.

5.2 Implementing New Accounting Standards. The auditor's assistance and consultation will be required in implementing new GASB and FASB statements at the earliest possible date, even if prior to the required effective date.

5.3 Management Letter.

5.3.1 The auditor will communicate in a letter to management any reportable conditions found during the audit. A reportable condition is defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses should be identified as such in the report.

5.3.2 The management letter will be presented on or before the March City Council meeting to the City's Finance Director and City Council. However, all significant management recommendations should be discussed with the Finance Director as they are discovered, so that the City can ensure immediate correction of any problems. An interim management letter may be requested depending on the nature of findings.

5.4 Single Audit. The single audit will cover all federal and state grants and/or funding. Final products will include:

5.4.1 Supplemental schedule of federal and state financial assistance;

5.4.2 Report to internal control systems and on administration of federal and state financial assistance; and

5.4.3 Report on compliance with laws and regulations.

6. AUDIT QUALIFICATIONS & QUESTIONS

6.1 The City realizes that the audit firm may have local government audit and consulting expertise nationally. While this is important, the City is most interested in local government expertise available in the "local office." The local office is defined as the office from which the audit engagement will be managed and primarily staffed.

6.2 The following items should be answered and/or discussed in the RFP:

- 6.2.1** A brief statement as to why the proposing firm is qualified to provide auditing services to the City. Proposer's response may include the firm's strengths, the local office's strengths and the firm's audit philosophy.
- 6.2.2** Detail the firm's overall qualifications and abilities to meet the specific requirements of this proposal including the size of the firm, the number of offices, and the number of partners and staff in the local office.
- 6.2.3** Identify which local office would be assigned to this engagement and list the qualifications and background of the personnel who will be directly involved with this audit. Include the names of the partners, managers, and staff that will be assigned to the City engagement. Describe the experience of personnel and include resumes as an appendix.
- 6.2.4** Provide a list of local government clients served by the local office in the past five years and give a contact name, telephone and email address for each. Please designate which are current clients.
- 6.2.5** Describe any disciplinary action imposed on the local office by the AICPA, state board, state society, or SEC during the past five years.
- 6.2.6** Describe the results of your firm's and local office's most recent peer review and its status under the AICPA peer review program.
- 6.2.7** Disclose any relationships that may exist between the City and the management and members of the firm which might impair the firm's independence.
- 6.2.8** Describe the firm's policy in rotating partners and managers and discuss the audit staff turnover that has occurred in the local office due to resignations or terminations in the past twenty-four (24) months. Disclose the firm's policies regarding staff education and development.
- 6.2.9** Outline the audit plans for the audit work to be performed. Describe what your firm's philosophy will be with respect to the audit of the City.
- 6.2.10** Indicate the firm's agreement with respect to the Scope of Audit Services and the Supplementary Information sections. Any disagreement or deviation with these terms should be expressed in the proposal, as the City plans to incorporate the proposal into a final contract by reference.

7. BIDDING INSTRUCTIONS & REQUIREMENT

7.1 Submissions. Respondents are required to submit four copies (one original and three copies) and one (1) electronic copy, suitable for reproduction by the City, no later than 2:00 p.m. (CST) on Thursday, June 3, 2021.

The City will accept questions about this RFP and about any matter related to the scope of work through 2:00 p.m. (CST) on Tuesday, May 18, 2021. Questions must be emailed to

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NO PROPOSAL WILL BE ACCEPTED AFTER 2:00 P.M. LATE PROPOSALS WILL BE RETURNED UNOPENED TO THE PROPOSER.

8.2 Responses. The proposing Firm uses this RFP form as the OFFICIAL PROPOSAL to submit information and to answer questions. Any alterations, changes, or deletions to this RFP may be grounds for the City to disregard and reject the entire proposal. Attachments are acceptable and recommended if specifically identifiable and appended.

8.3 Additional Information. During the evaluation process, the Audit Proposal Review Committee may, at its discretion, request any one or all firms to make oral presentations to the Audit Proposal Review Committee. Such presentations will provide Respondents with an opportunity to answer any questions the Audit Proposal Review Committee may have about a Respondent’s submission. Not all Respondents may be asked to make such oral presentations.

8.4 Rejections. The City reserves the right to reject any and all proposals and to accept the proposal deemed most advantageous to the City.

8.4 The first page of the proposal should indicate the name and address of the local office and the name(s), phone number(s), and email address(es) of key personnel.

8.5 Proposals must contain a table of contents and should include the answers to each question posed in this RFP. Please number the answers corresponding to the questions and/or requests in this RFP.

8.6 The resumes of key personnel should be included as an appendix to the proposal. The proposing firm will designate and commit individuals to perform the audit work. At a minimum, the Audit Partner, Manager, Site Supervisor, and Direct Support Staff should be provided.

8.7 No replacements or substitutions of the above positions shall be permitted without the City's knowledge and consent.

8.8 Any additional data may be included in the proposal at the Respondent’s discretion. Please include such material as an appendix.

8.9 Appointment. The final appointment of an audit firm will be made by the City of Meadows Place City Council.

8.10 Specific Audit Approach. The proposal should set forth a work plan, including explanation of the audit methodology to be followed, to perform the services as specified in this RFP. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. In addition, proposers are required to provide the following information on their audit approach:

- 8.10.1** Proposed segmentation of the engagement;
- 8.10.2** Level of staff and number of hours to be assigned to each proposed segment of the engagement;
- 8.10.3** Sample sizes and the extent to which statistical sampling is to be used in the engagement;
- 8.10.4** Type and extent of analytical procedures to be used in the engagement;
- 8.10.5** Approach to be taken to gain and document an understanding of the City's internal control structure;
- 8.10.6** Approach to be taken in determining laws and regulations that will be subject to audit test work; and
- **8.10.7** Approach to be taken in drawing audit samples for purposes of tests of compliance.

8.11 The contents of the proposals will be considered confidential information by the City during the evaluation process. However, upon final award of the contract by City Council, all proposals will be available to the public for review and inspection.

8.12 Work Area, Telephones, Photocopying, and FAX Machines. The City will provide the auditor with reasonable workspace, desks, and chairs. The auditor will also be provided reasonable access to appropriate telephones, photocopying machines, FAX machines, and internet connections.

8.18 Warranties.

- 8.18.1** Proposer warrants that it is willing and able to obtain an errors and omission insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employee or agencies thereof.
- 8.18.2** Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City.

APPENDIX I

Work Schedule

| Date | Description of Events |
|--|---|
| September 30, 20YY | End of City's Fiscal Year |
| 2 nd Week November, 20YY | Initial financial statements available to auditor; General Ledger close by City |
| 2 nd -3 rd Week November, 20YY | Audit Field work |
| 2 nd Week December, 20YY | Proposed adjusting entries submitted to the City |
| 2 nd Week January, 20YY | Annual financial report draft available for review |
| 2 nd Week February, 20YY | Audit opinion and report draft for council completed by auditor and ready for Finance Director review |
| Council Meeting February, 20YY | Presentation of report to Council, preferred date |
| Council Meeting March, 20YY | Latest date for presentation of report to Council |