

TOWN OF SEVERANCE, COLORADO

REQUEST FOR PROPOSALS FOR

PROFESSIONAL AUDITING SERVICES

December 21, 2021

3 South Timber Ridge Parkway

PO Box 339

Severance, CO 80546

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# I. INTRODUCTION

## a) General Information

The Town Council of the Town of Severance (hereinafter the Town of Severance) has issued this request for proposals from interested auditors, who are qualified under state law and regulations, for the performance of a financial and compliance audit of the Town of Severance.

The auditor shall perform a financial and compliance audit of the financial affairs and transactions of all funds and activities, including both State and Federal grants, of the Town of Severance, Colorado for the calendar year ending December 31, 2021, with optional renewals for each of the four subsequent fiscal years.

There is no expressed or implied obligation for the Town of Severance to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, the proposal in pdf format must be emailed and received by 5:00 p.m. on Monday January 17, 2022, as specified within this request for proposals.

Proposals submitted will be evaluated by a four-member Audit Committee selected by the Town of Severance, consisting of

* Nancy Mueller, CPA, Finance Director
* Nicholas Wharton, MPA, Town Manager
* Lindsay Radcliff-Coombes, Deputy Town Manager
* Jacquelyn Grossnickle, Senior Accountant

The Town of Severance reserves the right to reject all proposals, or to reject any proposal in part or in whole, and to award the proposal to the most responsive and responsible firm as deemed in the best interest of the Town. Further, the right is reserved to waive any formalities or informalities contained in this proposal.

The Audit Committee and the Town of Severance reserve the right, where it may serve the Town of Severance’s best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Town of Severance or the Audit Committee, firms submitting proposals may be requested to make virtual oral presentations as part of the evaluation process.

The Town of Severance reserves the right to retain all proposals submitted and to use any ideas 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 request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town of Severance and the firm selected.

It is anticipated the selection of a firm will be completed on January 26, 2022. Following the notification of the selected firm it is expected a contract will be executed between both parties by February 8, 2022.

## b) Term of Engagement

An annual engagement letter is contemplated with four optional renewals, subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to both the Town of Severance and the selected firm), the concurrence of the Town of Severance and the annual availability of an appropriation.

# II. NATURE OF SERVICES REQUIRED

## a) General

The Town of Severance is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2021, with the option to perform the audit of the Town of Severance's financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

## b) Scope of Work to be Performed

The Town of Severance desires the auditor to express an opinion on the fair presentation of its governmental activities, its business-type activities, its aggregate discretely presented component units, each of its major funds, and its aggregate remaining fund information in conformity with generally accepted accounting principles.

The Town of Severance desires the auditor to prepare Audited Financial Statements in the first year. In each subsequent year the auditor will prepare and bind the Annual Comprehensive Financial Report (ACFR) document. In the second year, the auditor will also complete a Single Audit related to Federal funds received by The Town. The Town will prepare and send the following schedules for the auditor to include in the Audited Financial Statements and the ACFR:

Management’s Discussion and Analysis

Local Highway Finance Report

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards. Required budget to actual statements are presented as required supplementary information.

The primary entries prepared by the auditors that is expected to continue each year are the GASB 68 entries to record the Town’s portion for the FPPA liability.

## C) Auditing Standards To Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments, including any future changes or replacement of these requirements applicable to the audit period in question.

## D) Reports to be Issued

Following the completion of the audit of the fiscal year’s financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
2. A report on compliance and internal control over compliance based upon an audit of financial statements preformed in accordance with *Government Auditing* standards.
3. A report on compliance for each major federal program, report on internal control over compliance, and report on the schedule of expenditures of federal awards required by the Uniform Guidance.
4. A separate management letter communicating other comments or suggestions not included in the reports above.
5. Additional reports as may become necessary from changes or replacement of the audit regulations and requirements indicated in II c) above.

Reporting to the audit committee. Auditors shall assure themselves that the Town of Severance's audit committee is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Auditor’s judgments about the quality of the entity’s accounting principles
6. Other information in documents containing audited financial statements
7. Disagreements with management
8. Management consultation with other accountants
9. Major issues discussed with management prior to retention
10. Difficulties encountered in performing the audit

## e) Special Considerations

1. The auditor shall furnish one (1) hard copy of the ACFR as well as an electronic version in PDF format. The Town of Severance will file copies of said report with the Colorado State Auditor’s office and other appropriate agencies.
2. The schedule of expenditures of federal awards and related auditor’s report, as well as the reports on compliance and internal controls are to be issued as part of a single bound ACFR.

## f) 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 Town of Severance of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

* The Town of Severance
* U.S. Government Accountability Office (GAO)
* Parties designated by the federal or state governments or by the Town of Severance as part of an audit quality review process
* Auditors of entities of which the Town of Severance is a subrecipient of grant funds

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

# III. DESCRIPTION OF THE GOVERNMENT

## a) Organizational Chart

**Management**

**Finance Director**

**Senior   
Accountant**

**Utility Billing Clerk**

**Accountant II**

**Grant Accountant (Grant funded)**

## b) Name and Telephone Number of government Contacts

The auditor's principal contact with the Town of Severance will be Nancy Mueller, Finance Director, or a designated representative, who will coordinate the assistance to be provided by the Town of Severance to the auditor.

A list of key personnel with the location of their principal offices (Appendix A) is attached.

## C) LOCATION OF OFFICES

Town Hall is located at 3 South Timber Ridge Parkway in Severance. Town administration, including Town Management, Finance (includes Utility Billing), Town Clerk, Human Resources, and Public Safety are in this one facility. Public Works is in a separate building at 145 3rd approximately one-half mile east of Town Hall.

Parking is generally available in the Town Hall parking lot.

Street Address: Mailing Address:

Town of Severance Town of Severance

3 South Timber Ridge Parkway PO Box 339

Severance, CO 80550 Severance, CO 80546

## D) Background Information

The Town of Severance is located in Weld County, fifteen minutes east of Fort Collins on Harmony Road, with an estimated population of 10,000 as of as of July 2021. Incorporated in 1920, the Town of Severance became a Home Rule Charter Town after the election on September 7, 2021.

The Town operates as a Council-Manager form of government where Council sets the Town policy, and the Town Manager is responsible for Town operations.

Town Council consists of seven members, including the mayor, elected in nonpartisan elections. Each member serves a staggered four-year term and represents the Town as an at-large member.

The Town provides a full range of services including public safety, maintenance of streets and other public infrastructure, planning and building permit and inspections, financial management and municipal court services. The Town has several service partners including Weld County; the Windsor-Severance Fire Rescue District; Clearview Library District; North Weld Water County Water District; Boxelder Sanitation District; and the Hidden Valley, Tailholt, Golden Eagle and Hunter’s Overlook Metropolitan Districts; and Weld RE-4 School District. The Town has several successful intergovernmental agreements with these and other entities.

The Town of Severance's fiscal year begins on January 1 and ends on December 31.

The 2022 budget includes 35 FTE employees. The total 2022 adopted budgeted expenditures are $15,736,607.

More detailed information on the government and its finances can be found in the 2021 Town of Severance Budget and the 2020 Audit available on our web site at:

<https://www.townofseverance.org/transparency/pages/annual-reports>

## e) accounting system & Fund Structure

The Town’s accounting system is organized and operated on a fund basis in a centralized environment. Almost all general accounting functions are centralized within the Finance Department, including Accounts Payable, Accounts Receivable, Utility Billing, Capital Assets, Payroll, Budgeting, and General Ledger accounting. Cash Collections is under Town Management and Purchasing is decentralized with limited coordination within the Finance Department. The Town currently uses Caselle for the accounting software.

The Town of Severance operations include the following funds:

* Governmental Funds:
  + General Fund
* Special Revenue Funds:
* Conservation Trust Fund
* Transportation Fund
* Parks Fund
* Public Facilities Fund
* Public Safety Fund
* Capital Projects Fund

Enterprise Funds:

* Water Fund
* Wastewater Fund
* Stormwater Fund

There was one known instance of fraud The Town experienced in the last five years. A compromised email allowed for the redirection of a $25,000 wire that was intended to purchase a tractor in 2019. The Town uses CIRSA for its risk management coverage.

## f) Basis of Budgeting

The Town of Severance prepares its budgets on a modified accrual basis of accounting for both governmental and proprietary funds.

## g) Federal and State Awards

The Town of Severance received over $800,000 in Federal and State awards in 2021. Expenditures of Federal Funds did not exceed $750,000 in 2021 but are anticipated to exceed the threshold during 2022.

## h) Pension Plans & OPEB

The Town of Severance participates in the following pension plans:

* The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pensions plan administered by the Fire and Police Pension Association of Colorado (FPPA).
* International City/County Manager’s Association Retirement Corporation (ICMA-RC), name changed to Mission Square Retirement, which manages a defined contribution plan for all full-time employees, with the exception of employees covered by FPPA.

## i) Availability of Prior Audit Reports and Working Papers.

Prior years’ audit reports are available on the Town’s website at:

<https://www.townofseverance.org/transparency/pages/annual-reports>

Interested proposers who have additional questions may contact:

Nancy E. Mueller, CPA

Finance Director

[nmueller@townofseverance.org](mailto:nmueller@townofseverance.org)

# IV. TIME REQUIREMENTS

## a) Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued December 21, 2021

Due date for notification of interest and submission

of clarification questions January 7, 2022

Town will issue responses to submitted questions to

firms that submitted notification of interest

emails above January 12, 2022

Due date for proposals January,17 2021, 5:00 PM

## b) Notification and Contract Dates

Recommended firm notified January 26, 2022

Town Council award February 8, 2022

Engagement letter & contract date February 8, 2022

## c) Date Audit May Commence

The Town of Severance will have all records ready for audit and all management personnel available to meet with the firm's personnel as of April 30, 2022.

## d) Schedule for the 2021 Fiscal Year Audit

Meeting deadlines is a point of emphasis for both the audit committee and finance staff. A similar time schedule will be developed for audits of future fiscal years if the Town of Severance exercises its option for additional audits.

Each of the following should be completed by the auditor no later than the dates indicated.

1. Interim Work –

The auditor and the Town will discuss the topic of interim work each year as dependent on staffing availability.

2. Detailed Audit Plan – March 31, 2022

The auditor shall provide to the Town of Severance both a detailed audit plan and a list of anticipated schedules to be prepared by the Town of Severance by March 31, 2022.

3. Fieldwork – May 31, 2022

The auditor shall complete all fieldwork by May 31, 2022. Ideally, field work would be performed either the first or second full weeks of May. Fieldwork is preferred to be done remotely but onsite will be available as needed and requested by the auditor.

4. Initial Draft Report – June 12, 2022

The auditor shall have drafts of the financial statements and recommendations to management available for review by the Finance Director as soon as possible, but no later than June 12, 2022. This is to provide adequate time to prepare the management discussion and analysis and statistical tables for inclusion in the Audited Financial Statements and the final bound ACFR.

5. Complete Draft Report – June 22, 2022

The auditor shall prepare and provide a complete set of draft financial statements, notes and all required supplementary schedules to the Finance Director by June 22, 2022. The Finance Director will then complete the review of the draft report as expeditiously as possible. During that period, the auditor should be available for questions or possible meetings that may be necessary to discuss the audit reports.

6. Final Complete Issued Report – June 29, 2022

Once all issues for discussion are resolved, the complete and final signed report in pdf format shall be delivered to the Finance Director no later than June 29, 2022.

7. Hard Copy ACFR’s Delivery – July 13, 2022

The final bound reports are expected to be delivered by July 13, 2022, for delivery to the Town Council at least one week prior to the Council meeting.

8. Delivery of Audit Results and ACFR to Town Council – Late July

The Council meeting will be schedule for late July.

9. Communication

Communication is very important to an effective and efficient audit for both the auditors and the Town. This has been an area of concern in the past. Entrance Conferences with the Finance Director and Senior Accountant, Progress Reporting and Exit Conferences should be scheduled as necessary during audit process. Weekly update conferences are expected to be held between the lead auditor, the Finance Director, and the Senior Accountant.

# V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

## a) Finance Department and Clerical Assistance

The Finance Department staff, and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations.

In addition, support will be available for the preparation of routine letters and confirmations.

## B) Statements and Schedules to be Prepared by the Staff of the Town of Severance

The staff of the Town of Severance will prepare the following statements and schedules for the auditor:

* Unadjusted general ledgers as of 12/31 & through the date of the audit fieldwork
* Reconciliation of all bank and investment accounts as of 12/31
* Detail accounts receivable balances as of 12/31
* Analysis of amounts due from Federal and State governments as of 12/31
* Detail of inventories as of 12/31
* Schedule of investment activity for the year
* Detail of accounts payable balances as of 12/31
* Revenue and expenditure account detail, including source documents, as required
* Original budget and supplemental appropriation schedules for the year
* Detail listing of general fixed assets, property, plant, and equipment
* Other documents or schedules as mutually agreed upon between the auditor and the Town.

## C) Work Area, Telephones, Photocopying, FAX Machines & COVID-19

In the event of in person fieldwork, the Town of Severance will provide the auditor with reasonable workspace, tables and chairs. The auditor will also be provided with access to a telephone line, internet connection, and photocopying equipment,

Due to the COVID-19 pandemic, much of the 2021 audit, if not all of it, is currently expected to be done remotely. Staff will work with the auditors to determine the appropriate options.

## D) Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

# VI. PROPOSAL REQUIREMENTS

## General Requirements

1. Submission of Notification of Interest

Firms interested in submitting a proposal must submit a "Notification of Interest" email by January 7, 2022, as described below. The format of the notice should be a simple email with the subject “Notification of Interest – *Your Firm’s Name*” sent to [nmueller@townofseverance.org](mailto:nmueller@townofseverance.org) indicating interest in submitting an audit proposal. Include the following information in the body of the email:

Firm Name

Address

Contact Name

Phone Number

Email Address (will be used to send out addendums)

2. Pre-proposal Questions and Inquiries

Inquiries and questions concerning the request for proposals must be emailed to [nmueller@townofseverance.org](mailto:nmueller@townofseverance.org) by January 7, 2022, using the subject line “RFP Questions- *Your Firm’s Name*”. All questions and answers will be compiled and reported to all parties who emailed their Notification of Interest as indicated above. The Town’s responses will be sent by the end of the day on January 12, 2022, to firms who submitted the Notification of Interest email above.

3. Submission of Proposals

The proposal will be submitted entirely electronically in pdf format to [nmueller@townofseverance.org](mailto:nmueller@townofseverance.org) and must be received by 5 pm on January 17, 2022, to be considered. The email should have the following two pdf documents attached:

**Technical Proposal** - The technical proposal should be attached to the email in pdf format and the document should be named *“EP Technical Proposal – Firm Name*”. The technical proposal should include the following:

i. Title Page

Title page indicating Town of Severance Audit Proposal; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for 75 days (due to the date of Town Council meeting on February 8, 2022, to award the engagement).

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI (B) below.

**Dollar Bid** - The proposer shall also attach the dollar bid in a separate pdf document named *“EP Dollar Bid – Firm Name”* to the email. The dollar bid should include a simple cover page and the price quotes in the form of Appendix B. The dollar bid information should not be included in the technical proposal to allow evaluation of the firms’ qualifications prior to consideration of the dollar bid information.

## B) EP Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Town of Severance in conformity with the requirements of this request for proposals. The Technical Proposal should demonstrate the qualifications of the firm and of the staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposals. The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the Town of Severance and its component units as defined by generally accepted auditing standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the Town of Severance or any of its agencies or component units 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.

The firm shall give the Town of Severance written notice of any professional relationships entered into during the period of this engagement that may impact the firm’s independence.

3. License to Practice in Colorado

An affirmative statement should be included that the firm and all assigned key professional staff are properly registered or licensed to practice in Colorado.

4. Firm Qualifications and Experience

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

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

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 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.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide information regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will 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 Town of Severance. However, in either case, the Town of Severance retains the right to approve or reject replacements.

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

Other audit personnel may be changed at the discretion of the proposer if replacements have substantially the same or better qualifications or experience.

6. Prior Engagements with the Town of Severance

List separately all engagements within the last five years for the Town of Severance by type of engagement (i.e., audit, management advisory services, other), ranked based on total staff hours. Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most relevant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in **Section II – Nature of Services Required.** In developing the work plan, reference should be made to sources of information such as the Town of Severance's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers should consider the following information in their audit approach explanation:

a. Proposed segmentation of the engagement

b. Level of staff and number of hours to be assigned to each proposed segment of the engagement

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

c. Sample size and the extent to which statistical sampling is to be used in the engagement

d. Extent of use of EDP software in the engagement.

e. Type and extent of analytical procedures to be used in the engagement

f. Approach to be taken to gain and document an understanding of the Town of Severance's internal control structure

g. Approach to be taken in determining laws and regulations that will be subject to audit test work

h. Approach to be taken in drawing audit samples for purposes of tests of compliance

9. Identification of Anticipated Potential Audit Challenges

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

10. Report Format

The proposal should include or reference by website link examples of CAFRs produced by the firm.

## c) EP Dollar Bid

1. Document Contents

1. The cover page of the dollar bid should simply include the title & basic contact information as follows:

**EP DOLLAR BID**

**Submittal for**

Name of Firm:

Address:

Contact Name:

Phone Number:

Email Address:

1. Appendix B – Schedule of Professional Fees and Expenses

Prepare and submit Appendix B for the dollar bid for the Town’s audit.

2. Total All-Inclusive Maximum Price

The dollar bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The Town of Severance will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar bid. Such costs should not be included in the proposal.

3. Rates & Estimated Hours by Partner, Specialist, Supervisory and Staff Levels

The dollar bid should include a schedule of professional fees and expenses that supports the total all-inclusive maximum price, presented in the format provided in Appendix B.

The cost of special services described in Section II E of this request for proposals should be broken out by service with a total all-inclusive maximum price for 2021 for the Audited Financial Statements. Also provide the difference in cost to prepare an ACFR in subsequent years, as well as the pricing for the add-on of a single audit in years required.

4. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) should be included in the all-inclusive maximum price.

5. Rates for Additional Professional Services

If it should become necessary for the Town of Severance to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Town of Severance and the firm. Any such additional work agreed to between the Town of Severance and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar bid.

6. Manner of Payment

Progress payments will be made on the basis of work completed during the course of the engagement in accordance with the firm's dollar bid proposal.

# VII. EVALUATION PROCEDURES

## a) Audit Committee

Proposals submitted will be evaluated by a four-member Audit Committee selected by the Town of Severance, consisting of

* Nancy Mueller, CPA, Finance Director
* Nicholas Wharton, MPA, Town Manager
* Lindsay Radcliff-Coombes, Deputy Town Manager
* Jacquelyn Grossnickle, Senior Accountant

## b) Review of Proposals

The Audit Committee will use a point formula during the review process to score proposals. Each member of the Audit Committee will first score each technical proposal by each of the criteria described in Section VII C below. The Audit Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the dollar bid will be distributed to the Audit Committee and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The Town of Severance reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

## c) Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

a. The audit firm is independent and licensed to practice in Colorado.

b. The firm has no conflict of interest regarding any other work performed by the firm for the Town of Severance.

c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.

d. The firm submits a copy of its last external quality control review report, and the firm has a record of quality audit work.

2. Technical Quality: (Maximum Points - 60)

a. Expertise and Experience

* 1. The firm's experience and past performance on comparable government engagements.
  2. The quality of the firm's professional personnel to be assigned to the engagement.
  3. The quality of the firm's management support personnel to be available for technical consultation.
  4. The degree to which the proposal meets or exceeds the terms of this Request for Proposal.

b. Audit Approach

1. Adequacy of proposed staffing plan for various segments of the engagement.
2. Adequacy of sampling techniques.
3. Adequacy of analytical procedures.

3. Price: (Maximum Points – 40)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

## d) Virtual Interview

During the evaluation process, the Audit Committee may, at its discretion, request any one or all firms to participate in a virtual interview. Such interviews will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal. Not all firms may be asked to participate in these virtual interviews.

## e) Final Selection

The Town of Severance will select a firm based upon the recommendation of the Audit Committee with final selection to be made by the Town of Severance Town Council.

It is anticipated that a firm will be selected by January 26, 2022. Following notification of the firm selected, it is expected a contract will be executed between both parties by January 26, 2022.

## f) Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town of Severance and the firm selected.

The Town of Severance reserves the right without prejudice to reject any or all proposals.

# APPENDICES

A. List of Key Officials, Office Locations and Telephone Numbers

B. Format for Schedule of Professional Fees and Expenses to Support the Total All-inclusive Maximum Price

## APPENDIX A - List of Key Officials

Matthew Fries

Mayor

PO Box 339

Severance, CO 80546

[mfries@townofseverance.org](mailto:mfries@townofseverance.org)

970-686-1218

Nicholas Wharton, MPA

Town Manager

PO Box 339

Severance, CO 80546

[nwharton@townofseverance.org](mailto:nwharton@townofseverance.org)

970-686-1218

Jacquelyn Grossnickle

Senior Accountant

PO Box 339

Severance, CO 80546

[jgrossnickle@townofseverance.org](mailto:jgrossnickle@townofseverance.org)

970-686-1218

James Gerdeman

Police Chief

PO Box 339

Severance, CO 80546

[jgerdeman@townofseverance.org](mailto:jgerdeman@townofseverance.org)

970-686-1218

John Zacklene

Public Works Director

PO Box 339

Severance, CO 80546

[jzacklene@townofseverance.org](mailto:jzacklene@townofseverance.org)

970-686-1218Nancy Mueller, CPA

Finance Director

PO Box 339

Severance, CO 80546

[nmueller@townofseverance.org](mailto:nmueller@townofseverance.org)

970-686-1218

Lindsay Radcliff-Coombes

Deputy Town Manager

PO Box 339

Severance, CO 80546

[lcoombes@townofseverance.org](mailto:lcoombes@townofseverance.org)

970-686-1218

Leah Vanarsdall

Town Clerk

PO Box 339

Severance, CO 80546

[lvanarsdall@townofseverance.org](mailto:lvanarsdall@townofseverance.org)

970-686-1218

## APPENDIX B - SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FIRM NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**FOR THE AUDIT OF THE 2021 FINANCIAL STATEMENTS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Town of Severance | | |
|  | Hourly Rate | Hours | $ Amount |
| Partner |  |  |  |
| Manager |  |  |  |
| Supervisory Staff |  |  |  |
| Other Staff |  |  |  |
| Other (specify) |  |  |  |
| Subtotal |  |  |  |
|  |  |  |  |
| Meals & Lodging |  |  |  |
| Transportation |  |  |  |
| Other |  |  |  |
|  |  |  |  |
| Total Maximum Not to Exceed Price |  |  |  |

## APPENDIX B - SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FIRM NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**FOR THE AUDIT OF THE 2022 FINANCIAL STATEMENTS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Town of Severance | | |
|  | Hourly Rate | Hours | $ Amount |
| Partner |  |  |  |
| Manager |  |  |  |
| Supervisory Staff |  |  |  |
| Other Staff |  |  |  |
| Other (specify) |  |  |  |
| Subtotal |  |  |  |
|  |  |  |  |
| Meals & Lodging |  |  |  |
| Transportation |  |  |  |
| Other |  |  |  |
|  |  |  |  |
| Total Maximum Not to Exceed Price |  |  |  |

## APPENDIX B - SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FIRM NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**FOR THE AUDIT OF THE 2023 FINANCIAL STATEMENTS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Town of Severance | | |
|  | Hourly Rate | Hours | $ Amount |
| Partner |  |  |  |
| Manager |  |  |  |
| Supervisory Staff |  |  |  |
| Other Staff |  |  |  |
| Other (specify) |  |  |  |
| Subtotal |  |  |  |
|  |  |  |  |
| Meals & Lodging |  |  |  |
| Transportation |  |  |  |
| Other |  |  |  |
|  |  |  |  |
| Total Maximum Not to Exceed Price |  |  |  |

## APPENDIX B - SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FIRM NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**FOR THE AUDIT OF THE 2024 FINANCIAL STATEMENTS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Town of Severance | | |
|  | Hourly Rate | Hours | $ Amount |
| Partner |  |  |  |
| Manager |  |  |  |
| Supervisory Staff |  |  |  |
| Other Staff |  |  |  |
| Other (specify) |  |  |  |
| Subtotal |  |  |  |
|  |  |  |  |
| Meals & Lodging |  |  |  |
| Transportation |  |  |  |
| Other |  |  |  |
|  |  |  |  |
| Total Maximum Not to Exceed Price |  |  |  |

## APPENDIX B - SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FIRM NAME: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**FOR THE AUDIT OF THE 2025 FINANCIAL STATEMENTS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Town of Severance | | |
|  | Hourly Rate | Hours | $ Amount |
| Partner |  |  |  |
| Manager |  |  |  |
| Supervisory Staff |  |  |  |
| Other Staff |  |  |  |
| Other (specify) |  |  |  |
| Subtotal |  |  |  |
|  |  |  |  |
| Meals & Lodging |  |  |  |
| Transportation |  |  |  |
| Other |  |  |  |
|  |  |  |  |
| Total Maximum Not to Exceed Price |  |  |  |