



SUMMIT FIRE & EMS

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**A REQUEST FOR PROPOSAL FOR INDEPENDENT
PROFESSIONAL AUDITING SERVICES**

October 29, 2021

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A. General

Summit Fire & EMS Fire Protection District (“*SFE*”) is a political subdivision of the State of Colorado, organized pursuant to the Special District Act, C.R.S. § 32-1-101, *et seq.*, to provide fire suppression, fire prevention and public education, emergency medical, ambulance, emergency rescue, and hazardous materials services to the citizens and property within its jurisdiction, and to individuals passing through its jurisdiction.

SFE is soliciting proposals from qualified firms of certified public accountants to audit SFE’s financial statements for the fiscal year ending December 31, 2021 and, at SFE’s option, auditing financial statements for one or more of the four subsequent fiscal years of 2022, 2023, 2024, and 2025. Proposals must include pricing for performing audits of SFE’s financial statements for fiscal years ending in 2021 through 2025. The fact that SFE is seeking pricing for a five year period does not in any manner guarantee that SFE will chose to use the selected auditing firm for all of the years for which pricing has been requested. SFE intends to contract with the selected firm for one audit period at a time. SFE has sole discretion in determining whether to enter into contracts for subsequent audit periods. Further, SFE’s financial obligations are subject to annual appropriation of funds sufficient to meet SFE’s financial obligations for an ensuing year. If SFE’s Board of Directors (“Board”) does not appropriate funds to meet SFE’s obligations for the ensuring year, the then-existing contract between SFE and the firm will terminate and SFE will have no obligation to the firm beyond any amount appropriated and not spent for the audit year in which the nonappropriation occurred. The contract for any renewal period will be subject to review and approval by the Board and negotiation of terms, including price

The goal of the annual audit is to provide assurance for citizens, legislators and others that government funds are accounted for properly and that government organizations are in compliance with applicable laws, rules, and regulations, including Governmental Accounting and Financial Standards Board (GASB) rules. The Local Government Audit Law (Section 29-1-601 et seq., C.R.S) requires Colorado local governments to have an annual audit of their financial statements. The audit must be performed by a CPA and be in accordance with generally accepted auditing principles. There is no express or implied obligation for SFE to reimburse responding firms for any expenses incurred in preparing proposals in response to this Request for Proposal (“RFP”) and participating in the evaluation process. During the evaluation process, SFE has the right, where it may serve SFE’s best interest, to request additional information or clarifications from one or more of the responding firms, or to allow corrections of errors or omissions. At SFE’s discretion, one or more of the firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

Upon submission, all proposals become SFE’s property and SFE may use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal constitutes the firm’s acceptance of the terms and conditions contained in this RFP, unless clearly and specifically noted in its proposal and set forth in the contract entered into by and between SFE and the selected firm. Nothing in this RFP shall be construed to obligate SFE to award a contract to any firm. The Board has the right to terminate the RFP process at any time in its sole discretion with no obligation to any firm submitting, or intending to submit, a proposal. All proposals will constitute public records under the Colorado Public

(Open) Records Act, C.R.S. 24-72-101, *et seq.* If a firm considers any part of its proposal to be a trade secret, privileged information, or confidential commercial or financial data within the meaning of C.R.S. 24-72-204(3)(a)(IV), it must separate such information from the rest of the proposal and clearly mark it as “Confidential and Proprietary”.

To be considered, a firm’s proposal must be **received** by SFE by 5:00 pm (MST) on Friday, November 26, 2021. **All proposals must be submitted by email to Mary Hartley, Finance Manager at mhartley@summitfire.org.** A firm submitting a proposal is solely responsible for ensuring that Finance Manager Hartley actually receives the proposal. A submitting firm may call Finance Manager Hartley at (970) 262-5100 ext. 120 to confirm she has received the proposal.

Proposals submitted will be evaluated by Finance Manager Hartley and the Audit Committee, which may make a selection recommendation to SFE’s Board of Directors. It is anticipated that the selection of a firm will be completed by December 17, 2021.

B. Scope of Work to be Performed

SFE desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

The scope of the audit work will include a financial audit for the reporting entities defined as SFE. The opinions should be expressed on the general purpose financial statements.

The auditor shall also be responsible for performing procedures involving any required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The audits shall be performed in accordance with the audit standards promulgated in the U.S. Government Accountability Office’s Government Auditing Standards. Government Auditing Standards, also known as Generally Accepted Government Auditing Standards (GAGAS), provide a higher level of assurance with regard to internal control than Generally Accepted Audit Standards (GAAS), which are fully incorporated into GAGAS as well as applicable state and federal regulations.

SFE expects the selected auditing firm to issue an unqualified opinion on the District’s financial statements. If, during the performance of the audit, the auditing firm concludes an unqualified opinion cannot be issued, the auditing firm must promptly notify the Finance Manager in writing, stating all matters which preclude the issuance of an unqualified opinion.

In connection with each annual audit, the selected auditing firm will be required to issue a letter of advisory comments containing recommendations for correction of internal control weaknesses and improvements in operating procedures.

SFE authorizes the auditor to disclose immediately all findings of suspected fraud or embezzlement to the appropriate law enforcement agency.

SFE may present a Comprehensive Annual Financial Report (CAFR) in the future. The selected audit firm will be expected to assist with the CAFR by advising SFE concerning mandatory or recommended modifications to the CAFR. SFE is responsible for the completion, production and submission of the CAFR.

C. SFE's Participation

SFE typically closes and balances all accounts by mid-February of each year. SFE also prepares working trial balances for all funds, work papers, reconciliation and account analysis and will provide reasonable assistance in locating invoices, canceled checks and other documents and records requested by the auditor.

SFE, with the assistance of the auditors, typically prepares financial statements for all funds to be examined by the auditor by March 15th of each year. Such statements would be all those contained in SFE's CAFR, if prepared.

SFE will provide appropriate space for the auditor to efficiently conduct the examination.

The auditor will utilize SFE's staff to perform all work of an assisting nature, consistent with generally accepted auditing standards, and whenever qualified SFE employees are available.

D. SFE's Accounting Systems and Funds

SFE's accounting system is organized and operated on a fund basis. The SFE funds and accounts to be audited include, but are not necessarily limited to, the Governmental General Fund, the Volunteer Firefighter Pension Fund and a Proprietary Fund for Fleet Services.

E. Audit Schedule

The following dates for the audit process are required by SFE and the proposing firm must commit to completing the audit for the year ended December 31, 2021 by:

1. Availability of general ledger – February 15th
2. Completion of audit field work – February 28th
3. Completion by SFE, with the auditor's assistance, of a draft of Annual Financial Report – March 18th

4. Issuance of auditor's reports – April 15th
5. Presentation of report to Board of Directors – April Board Meeting (Third Tuesday of the month)
6. Filing with the Colorado State Auditor by May 31st.

F. Audit Report

The Finance Department staff will be responsible for the preparation, editing and printing of financial statements, notes and all required supplementary schedules and statistical data. The auditor may be called to assist in the preparation of the audited financial statement, along with providing recommendations, revisions and suggestions for improvement to the Finance Manager.

A report, including a draft auditor's report(s) shall be delivered to the Finance Manager by April 15th of each year.

The auditor shall be available for any meetings or conference calls that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Finance Manager within five working days. It is anticipated that this process will be completed and the final report accepted by April 30th of each year.

G. Financial

Submitting firms must provide estimates of hours by staff classifications and key personnel within staff classifications, hourly rates for each staff classification, estimated reimbursable expenses and a maximum total price for each annual audit period.

When estimating reimbursable expenses, the submitting firm should consider that SFE will provide adequate working space; access to local and metro telephone service, photocopying facilities, and fax machines, and that SFE is able to work virtually with the audit firm.

Billings shall be submitted in the month following the performance of the work and shall include details of hours worked by staff classification, hourly rates and reimbursable expenses. SFE typically pays undisputed invoices within 30 days of receipt.

During the subsequent four-year period, either party may annually and, prior to the audit period, terminate the auditing services contract by giving written notice thereof to the other. Said notice of termination must be given on or before August 1st of the audit year.

H. Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of each firm submitting a proposal. The Technical Proposal shall demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It also shall specify an audit approach that will meet the requirements of this RFP.

The Technical Proposal must address all the points set forth in this RFP. The Technical Proposal shall be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements of this RFP. While additional data may be presented, **the following items must be included**, as they represent the criteria against which the proposal will be evaluated:

1. The firm shall provide an affirmative statement that it is independent of SFE as defined by applicable standards. In addition, the firm shall give SFE written notice of any professional relationships entered into during the period of the engagement.
2. The firm shall provide an affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in Colorado.
3. The firm shall 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, the number and the nature of professional staff to be employed on this engagement on a fulltime basis, and the number and nature of the staff to be so employed on a part-time basis.
4. If the firm uses subcontractors, the qualifications of each subcontractor shall be separately identified and the portion of the audit work that will be subcontracted shall be identified, if applicable.
5. The firm shall 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.
6. The firm shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years.
7. The firm shall provide proof of workers' compensation insurance, as well as proof of professional liability (errors & omissions) insurance of at least one million dollars of coverage.
8. 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.
9. The firm shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement.

Audit personnel may be changed at the discretion of the firm, provided that replacements have substantially the same or better qualifications or experience.

10. The firm shall list all engagements performed in the last three years that are similar to the engagement described herein, based on the office that will be directly responsible for this project. These engagements shall be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.
11. The proposal shall include a work plan, including an explanation of the audit methodology to be followed. In developing the work plan, reference shall be made to such sources of information as SFE's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Firms are required to provide the following information on their audit approach:

- a. Proposed fieldwork to commence mid-February, with final field work commencing the end of February;
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample size and the extent to which statistical sampling is to be used in the engagement;
- d. Type and extent of analytical procedures to be used in the engagement;
- e. Approach to be taken to gain and document an understanding of SFE's internal control structure;
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work; and,
- g. Approach to be taken in drawing audit samples for purposes of tests of compliance.

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

I. 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 that 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 with regard to any other work performed by the firm for SFE.
- c. The firm adheres to the instructions in this RFP in 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

a. Expertise and Experience

1. The firm's past experience and performance on comparable government engagements.
2. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

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.
4. Price.
5. Reference Check.

J. Final Selection

It is anticipated that a firm will be selected by December 17, 2021.

K. Right to Reject Proposals

SFE has the right to reject any or all proposals.

Any questions regarding this RFP should be directed to Mary Hartley, Finance Manager, at (970) 262-5100 extension 120 or mhartley@summitfire.org.