# City of Batavia, New York

# REQUEST FOR PROPOSALS

1. **PURPOSE**
   1. The City of Batavia (City) is requesting proposals from qualified certified public accounting firms to audit its financial statements for the fiscal years ending March 31, 2022, March 31, 2023, March 31, 2024, March 31, 2025 and March 31, 2026. The audit is to be performed in accordance with generally accepted standards as set forth by the American Institute of Certified Public Accountants, generally accepted government auditing standards set forth for financial audits in the General Accounting Office’s Government Auditing Standard and the provisions of the Single Audit Act and of Title 2 of C.F.R., Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR part 200). In addition, the City will require services to complete (if required), a NYS DOT Single Audit, CAFR reporting (if the City decides to submit) and the Employee Deferred Compensation audit.
2. **RECEIPT OF PROPOSALS**

2.1 To be considered, THREE (3) copies of a proposal must be received in a sealed envelope marked “Proposal Enclosed – Auditing Services” no later than **Monday, January 10, 2022 at 4:00 p.m.** at the following address:

City of Batavia

Lisa Neary

Bureau of Finance

One Batavia City Centre

Batavia, New York 14020

2.2 The City is also requesting a notice of intent to submit a proposal be emailed to [lneary@batavianewyork.com](mailto:lneary@batavianewyork.com) by Wednesday, December 22, 2021.

2.3 The City reserves the right to reject any or all proposals in whole or in part, to waive any and all informalities, require supplemental statements or information from any responsible party, negotiate potential contract terms with any respondent to this RFP, have discussions with any respondent to this RFP to correct and/or clarify responses which do not conform to the instructions contained herein and to disregard all non-conforming, non-responsive or conditional proposals.

2.4 Each proposal will be the document upon which the City will make its initial judgment regarding each proposer’s qualifications, methodology, and ability to provide the requested services. During the evaluation process, the City reserves the right, where it may serve the City’s best interest, to request additional information or clarifications from proposals, or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

2.5 Those submitting proposals do so entirely at their own expense. There is no express or implied obligation by the City to reimburse any entity, form or individual for any costs incurred in preparing or submitting proposals, preparing or submitting additional information requested by the City, or participating in any selection interviews.

2.6 The City 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 City of Batavia and the firm selected.

2.7 The City reserves the right to award the services, in whole or in part, to one or more entities, firms and/or individuals.

2.8 Any award of all services shall be conditioned on the later execution of a formal written 5- year contract. The City reserves the right to revoke or rescind any award at any time prior to the full execution of a formal written contract.

2.9 Questions about this RFP are to be submitted via email to [lneary@batavianewyork.com](mailto:lneary@batavianewyork.com) and responses to such questions will be provided to all firms who submit a letter of intent as mentioned in section 2.2.

2.10 It is anticipated the selection of a firm will be completed by Monday, March 14, 2022, with notification being made on Tuesday, March 15, 2022.

# 3. NATURE OF SERVICES REQUIRED

3.1 The City is soliciting the services of qualified firms of certified public accountants to audit its financial statements. The audits are to be performed in accordance with the provisions contained in this request for proposals. The City desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

3.2 In addition the auditor will complete a Single Audit, if required. The auditor will review, provide editorial comments on, and reconcile information within the City’s Management Discussion and Analysis and the City’s Comprehensive Annual Financial Report, if required.

3.3 In addition the City desires the auditor to provide an opinion on the City of Batavia’s deferred compensation plan’s financial statements, footnotes, schedules and compliance with Section 457(g) of the Internal Revenue Code.

# 3.4 Auditing Standards to be followed

1. To meet the requirements of this request for proposals, the audit shall be performed in accordance with:

Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, generally accepted government auditing standards set forth in the U.S. General Accounting Office’s Government Auditing Standards, the provisions of the Amended Single Audit Act and amendments implemented through Subpart F – Audit Requirements of Title 2 of C.F.R., Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200).

# 3.5 Reports to be issued

1. Following completion of the audit of the fiscal year’s financial statements, the auditor shall issue:
   * Independent Auditor’s Report
   * Management Discussion and Analysis
   * Statement of Net Position
   * Statement of Activities
   * Balance Sheet – Governmental Funds
   * Reconciliation of Fund Balances – Governmental Funds to the Statement of Net Position
   * Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
   * Reconciliation of the Statement of Revenues, Expenditures and changes in Fund Balances of Governmental Funds to the Statement of Activities
   * Statement of Net Position – Enterprise Funds
   * Statement of Revenues, Expenses and Changes in Net Position – Enterprise Funds
   * Statement of Cash Flows – Enterprise Funds
   * Statement of Net Position – Fiduciary Funds
   * Statement of Changes in Net Position – Fiduciary Funds
   * Notes to Basic Financial Statements
   * Budgetary Comparison Schedule for the General Fund
   * Budgetary Comparison Schedule for the Self Insurance Funds
   * Schedule of the City’s Proportionate Share of Net Pension Liability – Employees’ and Police and Fire Retirement System
   * Schedule of the City’s Contributions – Employees’ and Police and Fire Retirement Systems
   * Notes to Required Supplementary Information
   * Combining Balance Sheet – Nonmajor Governmental Funds
   * Combining Statement of Revenues, Expenditures and changes in Fund Balances – Nonmajor Governmental Funds
   * Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
   * Report on compliance for each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance (if applicable)
   * Schedule of Expenditures of Federal Awards (if applicable)
   * Notes to Schedule of Expenditure of Federal Awards (if applicable)
   * Schedule of Findings and Questioned Costs (if applicable)
   * Summary Schedule of Prior Audit Findings (if applicable)
   * Corrective Active Plan for Uniform Guidance audit findings for federal awards (if applicable)
   * Required SF-SAC Certifications to be filed with the Federal Audit Clearinghouse (if applicable)
   * New York State Department of Transportation Single Audit (if applicable)
   * Independent Auditor’s Report and Finance Statements for the City of Batavia Comprehensive Financial Report (if the City chooses to apply)
   * Report to City Council containing audit matters to be communicated
   * The Employee Deferred Compensation Plan Audit Report

3.6 In the required report(s) on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization’s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

3.7 Reportable conditions that are also material weaknesses shall be identified as such in the report. Nonreportable conditions discovered by the auditors shall be verbally reported to management.

3.8 Reportable noncompliance with laws, regulations, contracts and grant agreements that have a material effect on the financial statements.

3.9 Irregularities and Illegal Acts Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of which they become aware to the City Council.

3.10 Audit partner shall attend a planning meeting with management in advance of the audit.

3.11 Reporting to the Audit Committee Audit partner shall attend a minimum of one audit committee meeting where draft financial statements are presented along with participating in an in-depth conversation where the financial status and future planning of the City is discussed. The Audit committee consists of three (3) City residents and two (2) council members. Also in attendance is the City Manager, Assistant City Manager and the Deputy Director of Finance.

3.12 Reporting to the City Council Auditors shall assure themselves that the City’s governing board 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. Other information in documents containing audited financial statements.
6. Disagreements with management.
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.

3.13 No subcontracting will be allowed without the express prior written consent of the City of Batavia.

# 3.14 Final Report Due Dates

1. The final trial balance and any adjusting entries are due on July 15th to the Deputy Director of Finance in order for the completion of the City’s AUD.
2. The audit report on the financial statements of the City, Single Audit and Related Reports are due on or around September 1. The final report and fifteen (15) signed copies should be delivered to the City Manager’s office, One Batavia City Centre, Batavia, NY 14020, along with an electronic version to be provided to the Deputy Director of Finance.
3. The Independent Auditor’s Report and Financial Statements for the City of Batavia Comprehensive Financial Report will be due September 1.
4. The audit of the Employee Deferred Compensation Plan will be due no later than June 30. The City requests 3 bound copies of this audit.

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

3.16 The audit partner in charge of this audit will be required to attend a City Council meeting in either August or September to present audit highlights.

# DESCRIPTION OF THE CITY

4.1 The City of Batavia operates under provisions of its Charter, New York State law and various local laws. The nine member City Council is the legislative body responsible for overall operations. The City Manager serves as both the Chief Executive Officer and the Chief Financial Officer.

4.2 The auditor’s contact with the City of Batavia will be Lisa Neary, Deputy Director of Finance, at 585-345-6313.

4.3 Fund Structure

The City uses the following kinds of funds in its financial reporting:

Governmental Funds – General, Business Improvement District, Workers Comp, Health Insurance, Small Cities, Economic Development Fund, Special Grant and Capital Funds

Proprietary Funds – Water, Wastewater, and City Centre Funds

Fiduciary Funds – Private Purpose Trust and Custodial Funds

4.4 The City prepares its budget on a basis consistent with a modified accrual basis of accounting. Appropriations lapse at fiscal yearend and material encumbrances are shown as a reservation of fund balance and are honored through subsequent year’s expenditures.

4.5 More detailed financial information can be found within the City’s budget and financial statements at [www.batavianewyork.com](http://www.batavianewyork.com) located in the Department section of the City’s website under the Bureau of Finance. Audit reports are listed on that page under Services Provided.

4.6 The City of Batavia currently utilizes New World ERP by Tyler Technology.

4.7 Interested responders who wish to review prior years’ audit reports and management letters should find them at [www.batavianewyork.com](http://www.batavianewyork.com) in the Department section under Bureau of Finance, “Services Provided” or contact Lisa Neary at [lneary@batavianewyork.com](mailto:lneary@batavianewyork.com) for supporting work papers.

4.8 The Deputy Director of Finance and City staff will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the auditor.

4.9 A majority of the City’s documents and work papers are to be provided to the firm electronically utilizing a shared file where documents can be shared and obtained from the firm. The firm is to determine and notify the Deputy Director of Finance where this shared internet file is located and allow certain City employees access to it.

4.10 The City of Batavia will provide the auditor with reasonable workspace, desks and chairs and access to Wi-Fi. The auditor will also be provided with access to a photocopier a FAX machine subject to coordinated use and availability.

# PROPOSAL REQUIREMENTS

**Proposal Calendar**

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

Request for proposals issued Wednesday, December 15, 2021

Notice of Intent to Submit Wednesday, December 22, 2021

Due date for proposals Monday, January 10, 2022

Selected firm notified Tuesday, March 15, 2022

**Submission of Proposals**

The City is also requesting a notice of intent to submit a proposal be emailed to [lneary@batavianewyork.com](mailto:lneary@batavianewyork.com) by Wednesday, December 22, 2021.

The following material is required to be received by Monday, January 10, 2022 for a proposing firm to be considered:

1. Technical Proposal to include the following:
   * + 1. Title Page showing the request for proposals subject; the firm’s name; the name, address and telephone number of the contact person; and the date of the proposal.
       2. Table of Contents
       3. Transmittal Letter - A signed letter of transmittal that briefly states 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. The proposer shall state its familiarity with city government and state the range of its experience in the performance of similar projects, with particular emphasis on government entities of similar size and complexity.
       4. Detailed Proposal should follow the order set forth in in the Technical Proposal Section, below.
2. Dollar Cost Bid - The proposing firm shall also submit a dollar cost bid for a contract period of five years, showing separately, for each year, the cost of the audit, the Single Audit, DOT Single Audit, the CAFR reporting and the Employee Deferred Compensation audit. The City reserves the right to determine required audits on an annual basis. The proposing firm shall also submit rates by Partner, Specialist, Supervisory and Staff Level for additional professional services.
3. The proposing firm should submit and certify with their proposal:
   * + 1. Appendix A – Proposer Guaranties
       2. Appendix B – Proposer Warranties

# 5.1 Technical Proposal

General Requirements

1. 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 City of Batavia in conformity with the requirements of this Request for Proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the Request for Proposals requirement.
2. The Technical Proposal should address all the points outlined in the Request for Proposals (excluding any cost information which should only be included in the dollar cost bid). The proposal should be prepared simply and economically, providing a straight forward, concise description of the proposer’s capabilities to satisfy the requirements of the Request for Proposals.
3. Independence- The firm should provide an affirmative statement that it is independent of the City of Batavia as defined by generally accepted auditing standards/the U.S. General Accounting Office’s Government Auditing Standards.
4. Prior Single Audit Experience - The firm should include prior or current engagements pursuant to the Amended Single Audit Act and the Uniform Guidance.
5. Firm Qualifications and Experience
   1. 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 basis and the number and nature of the staff to be so employed on a part-time basis.
   2. 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.
   3. The firm shall also provide information on the results of any federal or state desk review 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 the state regulatory bodies or professional organizations.
6. Partner, Supervisory and Staff Qualifications and Experience
   1. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in New York State. 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.
   2. Provide as much information as possible 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.
   3. 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 City. However, in either case, the City retains the right to approve or reject replacements.
   4. Consultants and firm specialists mentioned in response to this Request for Proposals can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.
   5. Other audit personnel may be changed at the discretion of the Proposer provided that replacements have substantially the same or better qualifications or experience.
7. Similar Engagements with Other Municipalities
   1. For the firm’s office that will be assigned responsibility for the audit, list the most significant engagements (maximum-5) performed in the last three years that are similar to the engagement described in the Request for Proposals.
   2. 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
   1. The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposals. In developing the work plan, reference should be made to such sources of information as the City’s budget and related materials, organizational chart, programs, and financial information systems.
   2. Proposers will be required to provide the following information on their audit approach:
      1. Proposed segmentation of the engagement.
      2. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
      3. Sample size and type and extent of testing
      4. Approach to be taken to gain and document an understanding of the City’s internal control structure.
      5. Approach to be taken in determining laws and regulations that will be subject to audit test work.
      6. Approach to be taken in drawing audit samples for purposes of tests of compliance.
9. Identification of Anticipated Potential Audit Problems
   1. The proposal should 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 the City.
10. Report Format – the proposal should include sample formats for required reports.

# Dollar Cost Bid

* + - 1. Total All-Inclusive Maximum Price
         1. The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.
  1. The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.
     + 1. The dollar cost bid should include the following information:

1. Name of firm
2. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City.
3. A total All-Inclusive Maximum Price for the engagement – separating the price of the audit from the single audit, DOT single audit, the CAFR reporting and the Employee Deferred Compensation Audit.
   * + 1. Rates by Partner, Specialist, Supervisory and Staff Level times and hours anticipated for each.
       2. Rates for additional professional services
       3. Manner of payment - Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm’s dollar cost bid proposal.
       4. A total All- Inclusive Maximum Price for five years to perform the City’s March 31, 2022, 2023, 2024, 2025, and 2026 engagement, separating the price of the audit from the Single Audit, DOT Single Audit, the CAFR reporting and the Employee Deferred Compensation audit.

# Appendices

* 1. A certified copy of the attached appendices should be submitted with each proposal.
  2. By signing and submitting the guarantees in Appendix A, the proposer is guaranteeing that:

a. It can and will provide and make available, as a minimum, all services set forth in Nature of Services Required.

* 1. The entire request for proposal has been read, and the proposer agrees that the rights and prerogatives as detailed are retained by the City of Batavia; and
  2. They will be bound by the contractual requirements delineated.
  3. By signing and submitting the warranties in Appendix B, the proposer warrants that:

1. It is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
2. It will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Batavia.
3. All information provided by it in connection with this proposal is true and accurate.

# FINAL SELECTION

* 1. The City Council will approve a firm based upon the recommendation of the City Manager and the Bureau of Finance.
  2. It is anticipated that a firm will be selected by Monday, March 14, 2022, with that firm being notified on Tuesday, March 15, 2022.

6.3 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 City and the firm selected.

6.4 The City reserves the right without prejudice to reject any or all proposals.

# APPENDIX A PROPOSER GUARANTEES

I. The Proposer certifies it can and will provide and make available, as a minimum, all services set forth in Nature of Services Required.

1. The Proposer has read the entire request for proposal, and agrees that the rights and prerogatives as detailed are retained by the City of Batavia.
2. The Proposer agrees to be bound by the contractual requirements delineated.

Signature of Official:

Name (typed):

Title:

Firm:

Date:

# APPENDIX B PROPOSER WARRANTIES

* 1. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
  2. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Batavia.
  3. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:

Name (typed):

Title:

Firm:

Date: