

LEGAL NOTICE
TOWN OF COLCHESTER REQUEST FOR PROPOSALS
FOR AUDITING SERVICES
ANNUAL FINANCIAL REPORT

The Town of Colchester, Connecticut is requesting proposals from qualified firms of certified public accountants, in accordance with the provisions of the Connecticut General Statutes, to conduct an examination and to render an opinion on the annual financial statements of the Town of Colchester. Proposals will be received at the office of the First Selectman until 2:00 p.m. on Wednesday, April 8, 2020 at which time no further proposals will be considered.

Requests for Proposals can be obtained by emailing the Chief Financial Officer at mcosgrove@colchesterct.gov. The RFP has also been posted on the Town's website at www.colchesterct.gov (select About Colchester, Doing Business in Colchester, RFP/RFQ), and the State of Connecticut Department of Administrative Services State contracting portal at <http://das.ct.gov>. Addenda, if any, will be posted to the same websites. It is the responsibility of interested firms to check the websites during the RFP process.

The Town of Colchester reserves the right to accept or reject any and all proposals, or any part thereof, if it is in the best interest of the Town. The Town of Colchester is an Equal Opportunity Employer.

TOWN OF COLCHESTER

Mary Bylone
First Selectman

TABLE OF CONTENTS

I. INTRODUCTION

- A. General Information
- B. Terms of Engagement

II. DESCRIPTION OF THE GOVERNMENT

- A. General
- B. Background Information
- C. Fund Structure
- D. Budgetary Basis of Accounting
- E. Pension Plans

III. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

- A. Statements and Schedules to be prepared by the Town of Colchester
- B. General

IV. NATURE OF SERVICES REQUIRED

- A. General
- B. Qualifying Requirements
- C. Scope of Work to be Performed
- D. Auditing Standards to be Followed
- E. Reports to be Issued
- F. Special Considerations
- G. Working Paper Retention and Access to Working Papers
- H. Other Audit Services
- I. Implied Requirements

V. TIME REQUIREMENTS

- A. Proposal Calendar
- B. Schedule for the Annual Audit
- C. Report Submissions

VI. PROPOSAL REQUIREMENTS

- A. General Requirements
 - 1. Inquiries
 - 2. Submission of Proposals
- B. Technical Proposal
 - 1. General Requirements
 - 2. Independence
 - 3. License to Practice in Connecticut
 - 4. Firm Qualifications and Experience
 - 5. Partner, Supervisory and Staff Qualifications and Experience
 - 6. Similar Engagements with Other Government Entities
 - 7. Audit Approach
 - 8. Identification of Anticipated Potential Audit Problems
 - 9. Report Format

- C. Sealed Dollar Cost Proposal
 - 1. Total All-Inclusive Maximum Price
 - 2. Fixed Fees by Category
 - 3. Rates for Additional Professional Services
 - 4. Manner of Payment

VII. EVALUATION PROCEDURES

- A. Selection Personnel
- B. Evaluation Criteria
 - 1. Mandatory Elements
 - 2. Technical Qualifications
 - 3. Price
- C. Oral Presentations
- D. Final Selection
- E. Right to Reject Proposals

APPENDICES

- A. Dollar Cost Bid Fee Proposal Form
- B. Proposer Guarantees and Warranties
- C. Insurance Specifications and Requirements
- D. Sample Audit Services Proposal Letter

I. INTRODUCTION

A. General Information

The Town of Colchester (the Town) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2020, 2021 and 2022. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-profit Organizations, and the provisions of Sections 4-230 through 4-236 of the Connecticut General Statutes concerning the *State Single Audit Act*.

The auditor(s) shall state that the primary purpose of the audit is to express an opinion on the general purpose financial statements taken as a whole and that the audit is subject to the inherent risk that errors or irregularities may occur and not be detected.

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

To be considered one original proposal (so marked) and four copies of the proposal must be received at the office of the First Selectman, 127 Norwich Avenue, Suite 201, Colchester, CT 06415 by 2:00 p.m. on Wednesday, April 8, 2020. The Town of Colchester reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by the Chief Financial Officer and members of the Board of Finance.

During the evaluation process, the Town of Colchester reserves the right, where it may serve the Town of Colchester'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 Colchester, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Town of Colchester 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 Colchester and the firm selected.

It is anticipated the selection of a firm will be completed no later than Wednesday May 20, 2020. Following the notification of the selected firm, it is expected that an engagement letter will be executed between both parties within twenty (20) days of approval.

B. Term of Engagement

Contract Period – The agreement shall be for a three year period and shall become effective immediately upon execution by all parties with implementation of all specified services to take place for the audit of the fiscal year ending June 30, 2020. The contract entered into between the Town and the firm shall extend for a term through and including the audit for the fiscal year ending June 30, 2022. The agreement may be extended at the discretion of the Board of Finance.

Compensation – Compensation for services shall be a fixed price for each year of the three-year term of the agreement. The fixed fee shall include a minimum number of hours to be allocated to the partner-in-charge, supervising manager, and field staff. Upon request, the firm will provide the Town with a statement of chargeable hours to substantiate billings. Any annual optional extensions shall be performed at prices to be negotiated before the option is exercised.

Termination of Contract – Following implementation, should the Chief Financial Officer find that the firm has failed in any material respect to perform its obligations under the agreement; the Board of Finance may cancel the agreement. The firm shall be liable for damages from such breach including reasonably foreseeable incidental and consequential damages. Should the Town find that the provision of auditing services under the terms of the agreement precludes the Town from administering its duties in an effective and efficient manner; the Board of Finance may cancel the agreement upon 180 days written notice to the firm. In such event the Town shall compensate the firm at the pro rata hourly rate for services performed through the effective date of the cancellation which shall be full and complete satisfaction of the firm's claims. The firm shall promptly return all workpapers and work in progress to the Town. The firm shall provide the Town at least 180 days prior written notice of its intent to terminate any agreement.

II. DESCRIPTION OF THE GOVERNMENT

A. General

The auditor's principal contact with the Town of Colchester will be N. Maggie Cosgrove, Chief Financial Officer, or a designated representative, who will coordinate the assistance to be provided by the Town of Colchester to the auditor.

B. Background Information

The Town of Colchester covers an area of 49.1 square miles, with a population of approximately 16,000.

The Town of Colchester's fiscal year begins on July 1 and ends on June 30.

The Town has a Selectmen -Town Meeting form of government, with a Board of Selectmen and a Board of Finance. The Town has a Charter which was most recently amended in November 2017. The annual budget, all special appropriations equal to or exceeding 3.0% of the budget to which the transfer is being made (either the Board of Selectmen budget, excluding debt service and capital expenditures, or the Board of Education budget), and all bond and note authorizations are submitted to a referendum vote. The First Selectman is the Chief Executive Officer of the Town and is responsible for the direction and activities of all Town departments except the Board of Education and all appointed boards. The Board of Finance is responsible for presenting to the Town voters the budgets for all Town Departments and the Combined Budget. The Board of Finance has the authority to approve supplemental appropriations from, and transfers within, the Board of Selectmen Budget as recommended by the Board of Selectmen, subject to the further approval of the Town Meeting, if so required. The Board of Finance establishes the mill rate, as set forth in the General Statutes. The Superintendent of Schools is directly responsible to the Board of Education for the supervision and administration of the educational system for the Town. The Sewer and Water Commission has jurisdiction over all property of the Town used for sewage disposal and water supply for the Town. The Director of Public Works prepares a budget and recommends rates to the Commission and Board of Selectmen, acting as the Water Pollution Control Authority for the Town, for their concurrence.

The Town of Colchester provides the following services to its citizens: Public Education, police and fire protection, ambulance services, animal control, emergency management, road maintenance, snow removal, transfer station, youth & social services, public library, recreation, senior services, and general government services. The Town is covered by the Chatham Health District for health services, the Windham-Colchester Probate Court, and The Northeast Connecticut Council of Governments Regional Animal Services Program.

The Town of Colchester is organized into several departments and agencies. The Finance Department maintains administrative control of all funds for both the Town and Board of Education.

More detailed information on the government and its finances can be found in the following documents which are available on the Town of Colchester's website (Finance Department page) at www.colchesterct.gov:

1. Annual Financial Report, June 30, 2019
2. Federal and State Single Audit Reports, June 30, 2019
3. Official Statement for most recent bond issue (October 2019)
4. FY 2019–2020 Adopted Budget

C. Fund Structure

The Town of Colchester reports on the following funds:

Major Funds:

- General Fund
- Capital Reserve Fund
- Johnston Building Project Fund (substantially complete)
- Educational Grants Fund

Twenty (19) non-major governmental funds

Proprietary Funds:

- Enterprise fund – Water Fund
- Internal service fund – Medical Self Insurance Fund

Fiduciary Funds:

- Pension Trust Fund
- Private Purpose Trust Fund
- Student Activity Fund

D. Budgetary Basis of Accounting

The Town of Colchester prepares its budgets on a basis consistent with generally accepted accounting principles except that encumbrances are recognized as a valid and proper charge against an appropriation in the year the purchase order is issued.

The Colchester Town Charter governs the budgetary preparation provisions of the Town. The First Selectman and the Board of Education present their recommended budgets to the Board of Finance. The Board of Finance, after holding two or more required public hearings, presents its recommended budget to the Annual Budget Meeting. After the budget is adopted at referendum, the Board of Finance sets the mill rate.

E. Pension Plans

The Town of Colchester participates in the following pension plans:

1. Certified teachers employed by the Colchester Board of Education are eligible to participate in the State of Connecticut Teachers' Retirement System. This system is a cost-sharing multi-employer defined benefit PERS with the State acting as a non-employer contributor, which is administered under the provisions of Chapter 167a of the Connecticut General Statutes.
2. Sworn police personnel hired prior to 1/1/12 participate in a single employer defined benefit pension plan.
3. All full-time Town employees, except for sworn police officers eligible for participation in the defined benefit pension plan, participate in a single employer defined contribution 401(a) plan.
4. All full-time Board of Education employees, except for those eligible for participation in the State Teachers' Retirement System, participate in a contributory single employer deferred compensation 457 plan.

III. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Statements and Schedules and other pertinent information to be prepared by the Town of Colchester

The staff of the Town of Colchester will prepare or provide the following statements and schedules for the auditor as follows:

- Adjusted trial balance for all funds.
- Detailed schedules of revenues and expenditures, expenses, and balance sheet accounts.
- Detail of balance sheet and subsidiary account activity.
- Check registers for all funds.
- Bank reconciliations for all accounts.
- Detail of capital projects expenditures.
- Analysis of accounts as requested.
- Investment activity schedules.
- Debt schedules.
- Fixed assets schedules.
- Payroll records.
- Tax collection schedules.
- Schedule of compensated absences.
- Latest actuarial reports.
- Completed EFS report and supporting documents.
- Standard representation letters.

The following will be prepared with assistance from the auditors as necessary:

- Basic Financial Statements.
- Individual fund statements for all funds.
- Notes to the combined financial statements.
- Required supplementary information.
- Management's discussion and analysis.
- Schedules of Federal and State Assistance.

B. General

Office space will be provided in close proximity to the financial records. Telephones and the use of a copier, scanner and fax machine will be made available as well as internet access during the engagement. The auditor will be required to provide computer equipment and other office materials.

IV. NATURE OF SERVICES REQUIRED

A. General

The Town of Colchester is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2020, 2021 and 2022 with an option to extend at the discretion of the Board of Finance. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Qualifying Requirements

Qualified Firm:

Firms submitting proposals must be qualified to perform independent audits of municipalities of the State of Connecticut. The firm must have been engaged during the fiscal year ending June 30, 2019, as independent auditors for the purpose of rendering an opinion on the annual financial statements of a Connecticut municipality with a population of at least 15,000.

Location:

The auditor must have an office located within the State of Connecticut, and resident staff must be able to offer the full range of auditing services required by this Request for Proposal.

Non-Discrimination:

No person shall be denied or subjected to discrimination on account of any services, or activities made possible by or resulting from this agreement on the grounds of sex, race, color, creed, national origin, age (except minimum age and retirement provision), marital status or the presence of any sensory, mental or physical handicap. Any violation of this provision shall be considered a violation of a material provision of this agreement and shall be grounds for cancellation, termination or suspension in whole or in part of the agreement by the Town of Colchester and may result in ineligibility for further Town of Colchester contracts. The proposer shall at all times in the proposal and contract process comply with all applicable Town of Colchester, State, and Federal anti-discrimination laws, rules, regulations and requirements thereof.

Reports:

Each proposer shall provide a link to at least two Comprehensive Annual Financial Reports issued by Connecticut municipalities in which their opinion is contained. At least one of these reports shall have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting within the past three (3) years.

Other:

Supervisory members of the audit team, including the "in charge" field auditor, should be Certified Public Accountants and have a minimum of two (2) years of municipal audit experience in the State of Connecticut. The Town of Colchester intends to strongly consider municipal audit experience and certification in evaluating the proposer's audit team. It is the Town's desire to maintain a consistently qualified team during the term of the engagement.

List the current Connecticut municipal clients and the Connecticut clients lost and gained during the calendar year 2019.

C. Scope of Work to be Performed

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

The auditor is not required to audit the supporting schedules, the Management's Discussion and Analysis and the Budgetary Comparison contained in the Annual Financial Report. However, the auditor is to provide an "in-relation-to" report on the supporting schedules and information based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules.

The auditor will be entirely responsible for the printing of 15 Annual Financial Reports before December 31st each year for the previous fiscal year. A PDF or similar file of the Annual Financial Report that is able to be posted on the Town website will be provided to the Town at that time.

D. Auditing Standards to be Followed

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, the standards for financial audits set forth in the U.S. Comptroller General's Government Auditing Standards, the provisions of the Federal Single Audit Act, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-profit Organizations, and in conjunction and conformity with the Connecticut Single Audit Act.

E. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue, as required by generally accepted auditing standards, and *Government Auditing standards, OMB Circular A-133, and the Connecticut General Statutes*, including but not limited to the following:

- Report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- Report on internal control over financial reporting and on compliance and other matters based on an audit performed in accordance with *Government Auditing Standards*.
- Report on the Schedule of Expenditures of Federal Awards.
- Report on compliance and internal control over compliance applicable to each major federal award program.
- Report on the Schedule of Expenditures of State Financial Assistance.
- Report on internal control over compliance in accordance with the State Single Audit Act.
- Report on compliance for each major state financial assistance program.

The auditor shall communicate in a letter to the Board of Finance 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.

F. Special Considerations

A copy of all audit adjustments shall be furnished to the Chief Financial Officer.

The selected firm shall be available on occasion to assist in certain accounting issues if they arise during the course of the year. These issues may include advising on implementation of new governmental accounting pronouncements and internal control procedure improvements.

The schedule of federal and state financial assistance and related auditor's reports, as well as the reports on the internal control structure and compliance, are to be issued separately from the annual financial report.

The Town of Colchester anticipates it will prepare one or more official statements in connection with the sale of debt securities which will contain the basic financial statements and the auditor's opinion thereon. The auditor shall be required, if requested by the financial advisor, underwriter and/or bond counsel, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters".

G. 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 Colchester of the need to extend the retention period. The auditor will be required to make working papers available, upon request by the Town of Colchester. In accordance with the requirements of Government Auditing Standards and of the Federal Single Audit Act, the auditor is required to provide access to the working papers and photocopies thereof to a federal agency or the Comptroller General of the United States upon their request for their regulatory oversight purposes. If such a request is made, the auditor will inform the Chief Financial Officer prior to providing such access.

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.

H. Other Audit Services

Periodically the Town of Colchester is required to have separate audits performed. The auditor will be expected to perform these audits and any other audit services requested by the Town of Colchester outside of the standard audit at the hourly rate stated in Appendix A.

I. Implied Requirements

All services not specifically mentioned in this request for proposals that are necessary to provide the functional capabilities described by the auditor shall be included in the Scope of Services.

V. 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 proposals issued	Tuesday, March 17, 2020
Last date for questions/inquiries	Thursday, March 26, 2020 @2:00 p.m.
Due date for proposals	Wednesday, April 8, 2020 @ 2:00 p.m.
Oral presentation by selected firms (if requested)	April 13, 2020 through April 17, 2020
Appointment by Board of Finance	On or before Wednesday, May 20, 2020
Contract date	Within 20 days of appointment

B. Schedule for the Annual Audit

An entrance conference will be held between the Chief Financial Officer and the auditor as soon as possible after selection and contract completion to arrange time to commence preliminary and year end field work.

The Town and auditor will work together to ensure completion of the engagement so that the auditor delivers a draft to the Chief Financial Officer by early December.

C. Report Submissions

Copies of all reports shall be addressed to the Board of Finance. The successful proposer will also submit copies of reports as required by state and federal audit requirements.

The submission dates for the various reports to the municipality and the appropriate cognizant agencies are no later than:

Annual Financial Report	December 31 st for the preceding fiscal year
Single Audit Reports	December 31 st for the preceding fiscal year
EFS Report Certification	December 15 th for the preceding fiscal year

If an extension of time is required, it will be the responsibility of the auditor to promptly notify the Town in writing. It is the Town's responsibility to secure all necessary approvals in a timely manner.

The final report and 15 signed copies should be delivered to:

Chief Financial Officer
Finance Department
Town of Colchester
127 Norwich Avenue, Suite 203
Colchester, Connecticut 06415

A PDF file of the annual financial report and the Federal and State Single Audit reports that are able to be posted on the Town website will be provided to the Town at that time.

VI. PROPOSAL REQUIREMENTS

A. General Requirements:

1. Inquiries - Questions regarding the content of the request for proposals must be submitted in writing no later than 2:00 pm on Thursday, March 26, 2020 to:

N. Maggie Cosgrove
Chief Financial Officer
Town of Colchester
127 Norwich Avenue, Suite 203
Colchester, Connecticut 06415
Email: mcosgrove@colchesterct.gov

Responses to inquiries will be posted by Tuesday, March 31, 2020 on the Town Website at www.colchesterct.gov. (select About Colchester, Doing Business in Colchester, RFP/RFQ).

2. Submission of Proposals

The following material is required to be received by 2:00 p.m. on Wednesday, April 8, 2020 for a proposing firm to be considered:

- a. The original proposal response (so marked) and four copies are to include the following:
 1. Title Page
Title page showing the request for proposal's subject; the firm's name; the name, address and telephone number of a contact person; and the date of the proposal.
 2. Table of Contents
 3. 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 the period covered.
 4. Detailed Proposal
The detailed proposal should follow the order set forth in Section VI B of this request for proposals.
 5. Guarantees and Warranties
Executed copies of proposer guarantees and proposer warranties attached to this request for proposals (Appendix B).
 6. Insurance Schedule (Appendix C).
 7. Audit Services Proposal Letter (Appendix D).
- b. The proposer shall submit an original and four copies of a dollar cost proposal attached to this request for proposals (Appendix A) in a separate sealed envelope.

- c. Proposers should send the completed proposal consisting of the two (2) separate envelopes to the following address:

Office of the First Selectman
Town of Colchester
127 Norwich Avenue
Suite 201
Colchester, Connecticut 06415

Envelope #1: Technical Proposal

Envelope #2: Sealed Dollar Cost Proposal (Appendix A)

B. 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 Colchester 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 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 (excluding any cost information which should only be included in Appendix A). The 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 items may be presented, the following subjects, items Nos. 2 through 9, 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 Colchester as defined by generally accepted accounting standards and the U.S. Comptroller General's Government Auditing Standards.

The firm should also list and describe the firm's professional relationships involving the Town of Colchester or any of its agencies 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.

In addition, the firm shall give the Town of Colchester written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Connecticut

An affirmative statement should be included indicating that the firm and all key professional staff are properly qualified to practice in Connecticut.

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 assigned to this engagement.

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 last 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

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement, and indicate whether each such person is licensed to practice as a certified public accountant in Connecticut. The firm also should 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. The firm should also indicate how the quality of the staff over the term of the agreement will be assured.

The proposer should identify the extent to which its staff reflects the Town of Colchester's commitment to Affirmative Action.

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 Colchester. Replacement personnel must have the same or greater level of municipal audit experience as the originally proposed staff or the Town of Colchester will be entitled to a 10% reduction in fees. In any case, the Town of Colchester retains the right to approve or reject replacements.

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

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience or the Town of Colchester will be entitled to a 10% reduction in fees.

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should 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.

7. 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 IV of this request for proposals. In developing the work plan, reference should be made to such sources of information as the Town of Colchester's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- 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 Colchester'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.

8. Identification of Anticipated Potential Audit Problems

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 Town of Colchester.

9. Report Format

The proposal should include sample formats for required reports.

NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.

C. Sealed Dollar Cost Proposal

1. Total All-Inclusive Maximum Price

The dollar cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. 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 Colchester will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost proposal. Such costs should not be included in the proposal.

2. Fixed Fees by Category

The dollar cost proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix A) that supports the total all-inclusive price.

3. Rates for Additional Professional Services

If it should become necessary for the Town of Colchester to request the auditor to render any additional services requested in this request for proposals 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 Colchester and the

firm. Any such additional work agreed to between the Town of Colchester and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost proposal in Appendix A.

4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost proposal. Interim billings shall cover a period of not less than a calendar month. The Town of Colchester reserves the right to withhold ten percent (10%) from each billing pending delivery of the firm's final reports.

VII. EVALUATION PROCEDURES

A. Selection Personnel

Proposals submitted will be evaluated by the Chief Financial Officer and members of the Board of Finance.

B. Evaluation Criteria

The following represent the principal selection criteria which will be considered during the evaluation process of proposals.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Connecticut.
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding three years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the Town of Colchester.
- d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- e. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
- f. The firm provides a link to at least two Comprehensive Annual Financial Reports issued by Connecticut municipalities in which their opinion is contained. At least one of these reports shall have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting within the past three years.

2. Technical Qualifications

- 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.
 3. Experience with the preparation of federal and state financial assistance and related reports.
 4. Experience in providing assistance to meet the requirements of the Certificate of Achievement for Excellence in Financial Reporting program.

b. Audit Approach

1. Service Delivery Plan: Describe how the firm intends to conduct the audit in the first year versus subsequent years. Describe the service delivery system including what will be done, by whom, how and where. Provide detail on staffing requirements. Describe how the services will be coordinated and monitored and how access to them will be ensured through entrance conferences, progress reporting, and exit conferences.

3. Price - Cost will not be the primary factor in the selection of an audit firm.

C. Oral Presentations

During the evaluation process, selection personnel or the Board of Finance may, at their discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the selection personnel may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

The selection personnel will recommend a firm for approval by the Board of Finance. Following notification of the firm selected, it is expected a contract will be executed between both parties within twenty (20) days of approval. It is anticipated that a firm will be selected by Wednesday, May 20, 2020.

E. Right to Reject Proposals

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 Colchester and the firm selected.

The Town of Colchester reserves the right without prejudice to reject any or all proposals or parts thereof for any reason, to negotiate changes to proposal terms and to waive minor inconsistencies with the request for proposal.

APPENDIX A - FEES

To be submitted on your firm's letterhead in a separate sealed envelope.

Name of firm _____

Location of office staffing the audit _____

Number of Municipal professional audit staff in this office _____

Number of Municipal professional audit staff to be assigned to Colchester _____

Connecticut municipal audit clients:
List fiscal year 2019 engagements
for municipalities with population
of 15,000 or higher.

1. _____

2. _____

3. _____

Audit Fees

	FYE 6/30/20	FYE 6/30/21	FYE 6/30/22
Annual financial statements			
Federal and State Single Audits			
EFS			
Total			

Rate/hour for services outside the scope of the annual audit			
---	--	--	--

Hours provided for in above stated fees:

Partner			
Supervising Manager			
Audit Staff			

(Firm)

(Authorized Signature)

(Title)

(Telephone)

(Date)

APPENDIX B

PROPOSER GUARANTEES AND WARRANTIES

Proposer Guarantees

1. The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section IV, Nature of Services Required.

Proposer Warranties

1. Proposer warrants that it is willing and able to comply with State of Connecticut laws with respect to foreign (non-state of Connecticut) corporations.

2. 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.

3. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Town of Colchester.

4. 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: _____

APPENDIX C

INSURANCE SPECIFICATIONS AND REQUIREMENTS

The Auditor (hereinafter called the Contractor) shall procure insurance coverage against claims that may arise from, or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors. The Contractor shall keep all the required insurance in force continuously pursuant to their responsibility described in this contract, including any and all extensions. The Contractor shall pay all costs, premiums, and audit charges earned and payable under the required insurance.

For the purpose of this exhibit: the term "Contractor" shall also include their respective agents, representatives, employees or subcontractors; and the term "Town of Colchester and Colchester Board of Education" (hereinafter called the "Town") shall include their respective officers, agents, officials, employees, volunteers, boards and commissions.

A. Minimum Scope and Limits of Insurance:

The insurance required shall be written for not less than the scope and limits of insurance specified in this exhibit, or required by applicable federal, state and/or municipal law, regulation or requirement, whichever coverage is greater. It is agreed that the scope and limits of insurance coverage specified in this exhibit are minimum requirements and shall in no way limit or exclude the Town from additional limits and coverage provided under the Contractor's policies.

1) Commercial General Liability:

\$1,000,000 combined single limit per occurrence for bodily injury, personal injury, property damage, contractual liability and products /completed operations.

2) Automobile Liability and Physical Damage Coverage:

\$1,000,000 combined single limit liability coverage per occurrence for any auto, including statutory uninsured/underinsured motorists coverage.

3) Workers' Compensation:

Coverage A / Workers' Compensation: statutory limits as required by the Labor Code of the State of Connecticut.

Coverage B / Employer's Liability: limits of \$100,000 each accident, \$500,000 disease/policy limit, \$100,000 disease/each employee. If the Contractor decides not to procure workers' compensation in accordance with Connecticut law, the Contractor agrees to comply with the Connecticut Workers' Compensation Act's (Act) requirements for withdrawing from the provisions of the Act, including, but not limited to, filing the appropriate notice of withdrawal with the commissioner. The Contractor is wholly responsible for taking the actions necessary to withdraw from the provisions of the Act. In lieu of procuring workers' compensation insurance and providing the Town with proof thereof, the Contractor agrees to hold the Town of Colchester, the Colchester Board of Education, their respective boards and commissions, officers, agents, officials, employees, servants, volunteers, contractors and representatives harmless from any and all suits, claims, and actions arising from personal injuries sustained by the Contractor or Contractor's employees during the course of the performance of this contract, however caused.

4) **Crime & Fidelity:**

Coverage A - \$1,000,000 Employee Theft

Coverage B - \$1,000,000 Forgery & Alteration

Coverage C - \$1,000,000 Theft of Monies & Securities

Coverage D - \$1,000,000 Robbery & Safe Burglary

The Contractor shall provide that the bonding company name the **Town of Colchester and Colchester Board of Education as Joint Loss Payee** for purposes of this Contract.

5) **Professional Liability:**

\$2,000,000 per claim, \$2,000,000 aggregate each claim.

6) **Personal Property:**

"All risk" insurance on a replacement cost basis to cover the value of personal property belonging to the Contractor and others (including but not limited to the personal property of subcontractors) located on Town property while in use or in storage for the duration of the contract. The Contractor agrees that the Town will not assume any responsibility for the Contractor's personal property.

B. Additional Insured Endorsement:

All liability policies (with the exception of Worker's Compensation and Professional Liability) shall have the Town of Colchester, the Colchester Board of Education, and their respective officers, agents, officials, employees, volunteers, boards and commissions endorsed as an Additional Insured with respect to liability arising out of or in connection with the activities performed by or on behalf of the Contractor; products and completed operations of the Contractor; premises owned, leased, or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the Town.

C. Acceptability of Insurers:

Contractor's policies shall be written by insurance companies licensed to do business in the State of Connecticut, with a Best's rating of no less than A:VII, or otherwise deemed acceptable by the Town's Chief Financial Officer.

D. Subcontractors:

Contractor shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the requirements stated herein.

E. Waiver of Subrogation:

Contractor shall provide that all insurance policies include a waiver of subrogation clause that states that it is agreed that in no event shall the insurance company have any right of recovery against the Town. When the Contractor is self-insured, it is agreed that in no event shall the Contractor have any right of recovery against the Town.

F. Claims-Made Form:

If the insurance coverage is underwritten on a claims-made basis, the retroactive date shall be prior to or coincident with the date of the contract. The certificate of insurance shall state the retroactive date and that the coverage is claims-made. The Contractor shall maintain coverage for the duration of the contract and for the two (2) years following the completion of the contract. Evidence of such coverage shall be provided to the Town thirty (30) days prior to each policy expiration.

G. Aggregate Limits:

If a general aggregate is used, the general aggregate limit shall apply separately to the project or shall be twice the occurrence limit. All aggregate limits must be declared to the Town. It is agreed that the Contractor shall notify the Town with reasonable promptness with information concerning the erosion of limits due to claims paid under the general aggregate during the contract term. If the aggregate limit is eroded, the Contractor agrees to reinstate or purchase additional limits to meet the minimum limit requirements stated herein. The Contractor shall pay the premium.

H. Deductibles and Self-Insured Retentions:

Contractor must declare any deductibles or self-insured retentions to the Town. All deductibles or self-insured retentions are the sole responsibility of the Contractor to pay and/or to indemnify.

I. Notice of Cancellation or Nonrenewal:

For other than non-payment of premium, each insurance policy required by this exhibit shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the Town. Ten (10) days prior written notice shall be given for non-payment of premium.

J. Other Insurance Provisions:

The policies are to contain, or be endorsed to contain, the following provisions:

1) Liability Coverage

- a) The Contractor's insurance coverage shall be primary insurance with respect to the Town. Any insurance or self-insurance maintained by the Town shall be in excess of the Contractor's insurance and shall not contribute with it.
- b) Coverage shall state that the Contractor's insurance shall apply separately to each insured against whom a claim is made or suit is brought.
- c) Any failure to comply with the claim reporting provisions of the policy shall not affect coverage provided to the Town.

K. Verification of Coverage:

The Contractor shall provide the Town with certificates of insurance, declaration pages, policy endorsements or provisions confirming compliance with this exhibit before work commences. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. Renewal of expiring certificates shall be filed thirty (30) days prior to expiration. The Town reserves the right to require complete, certified copies of all required policies, at any time.

All insurance documents required by this exhibit should be mailed to:

Town of Colchester
Chief Financial Officer
127 Norwich Avenue
Suite 203
Colchester, CT 06415.

L. Failure to Purchase or Maintain Insurance:

If the Town or the Contractor is damaged by failure of the Contractor to purchase or maintain insurance required by this exhibit, the Contractor shall bear all reasonable costs including, but not limited to, attorney's fees and costs of litigation, properly attributable thereto.

Initials/ Contractor

Date

Initials/ Town of Colchester

Date

APPENDIX D
SAMPLE AUDIT SERVICES PROPOSAL LETTER
(To be submitted on your firm's letterhead)

Mary Bylone
First Selectman
Town of Colchester
127 Norwich Avenue
Suite 201
Colchester, Connecticut 06415

We have read the Request for Proposals and fully understand its intent and contents. We certify that we have adequate personnel, insurance, equipment, and facilities to fulfill the specified requirements. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the selection personnel.

We have attached the following:

1. Proposal as outlined in Section VI
2. Appendix A: Fixed Fees (separate sealed envelope).
3. Appendix B: Proposer Guarantees and Warranties
4. Appendix C: Insurance

It is further understood and agreed that all information included in, attached to, or required by the Request for Proposals shall be public record upon delivery to the Town of Colchester.

Submitted by:

(Firm)

(Authorized Signature)

(Title)

(Telephone)

(Date)