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## City of South Salt Lake Request For Proposal Annual Audit Services

### ***BACKGROUND INFORMATION***

The City of South Salt Lake currently provides a **Comprehensive Annual Financial Report** to its city council, financial partners, administration, and residents. The city provides a variety of services to its residents and businesses with the financial transactions being recorded as Governmental and Business-Type activities. The city utilizes the following funds: General, Capital Improvements, Debt Service, Enterprise Funds (3), and an Internal Service Fund. In addition to the funds mentioned, the Redevelopment Agency of South Salt Lake is a component unit reporting entity included in the governmental funds. Total revenue for all funds and component units was approximately \$37,647,000 for the fiscal year ended June 30, 2018. The City of South Salt Lake uses Caselle Clarity software for its accounting applications which is supported on a Windows platform and an SQL database.

The City of South Salt Lake is required by State law to provide an annual audit of its financial statements by a certified public accountant in accordance with generally accepted auditing standards. This audit must be submitted to the Office of the Utah State Auditor and reported to the South Salt Lake City Council within 180 days after the end of the fiscal year.

### ***OBJECTIVE AND SCOPE***

A **Comprehensive Annual Financial Report (CAFR)**, which will include a financial, and federal single audit, is requested for the fiscal year ending June 30, 2019. The audit shall be performed in accordance with generally accepted auditing standards, as promulgated by the American Institute of Certified Public Accountants (AICPA); the *AICPA Audits of State and Local Governmental Units* audit and accounting guide; and the *Government Auditing Standards*, published by the U.S. General Accounting Office. Federal compliance test work will be done in accordance with Office of Management and Budget Uniform Guidance 2 CFR 200.

The audit must be completed and the **CAFR** issued prior to December 10, 2019. The auditor must deliver an electronic copy (pdf format) of the report to the City of South Salt Lake along with twenty printed copies. The auditor will be required to report its findings to the City Council in a regularly scheduled council meeting prior to December 20, 2019. This same requirement is in effect for all subsequent years of the audit engagement with the report dates being mutually agreed upon.

The auditor will write the **CAFR** including the compilation of financial statements, reconciliations, schedules, footnotes, and other information in accordance with requirements

prescribed by the Governmental Accounting Standards Board (GASB). The auditor will assist in management's efforts to obtain the GFOA's "Certificate of Achievement for Excellence in Financial Reporting." The auditor will also assist the city in submitting annual information to the Federal Audit Clearinghouse.

### ***REPORT REQUIREMENTS***

The auditor shall examine the financial statements and records of South Salt Lake and shall issue an auditor's opinion on the entity's financial statements with an in-relation-to opinion on combining and supplementary information. The auditor shall issue an "Independent Auditors' Report" which includes an opinion on the financial statements of the City of South Salt Lake based upon an audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable in *Government Auditing Standards* issued by the Comptroller of the United States.

The auditor shall issue an "Independent Auditors' 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*."

In accordance with the Federal Office of Management and Budget, the auditor shall examine the financial systems and records as they relate to the various federal grants and agreements and shall issue a "Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance."

The auditor will prepare and include an "Independent Auditors' Report On Compliance And Internal Control Over Compliance As Required By *The State Compliance Guide*" and if appropriate, expressing positive assurance of compliance with state fiscal laws identified by the state auditor. The auditor shall include the written responses from the City of South Salt Lake for each recommendation included in the state compliance letter and the management letter required by the *State Compliance Audit Guide*.

The auditor will prepare a comprehensive management letter including the auditor's findings and recommendations relative to the internal accounting and administrative controls, compliance with laws and regulations as applicable and adherence to generally accepted accounting principles.

The auditor will be required to assist the city in implementing new reporting standards as mandated by the Governmental Accounting Standards Board (GASB).

### ***AUDIT TERM***

If mutually agreeable, it is anticipated that the same firm will be engaged to perform the audit for three to five years subject to an annual evaluation and South Salt Lake City Council budget appropriation and approval. At the end of five years it is anticipated that the City of South Salt Lake will commence another RFP process for audit services.

### ***PROPOSAL QUALIFICATION REQUIREMENTS***

Interested certified public accounting firms should include the following information in their proposal to perform the audit, and issue a CAFR, for the fiscal year ending June 30, 2019:

A. Profile of the Independent Auditor

The profile of the audit firm should provide general background information. This should include:

1. The organization and size of the auditing firm. Also explain whether it is local, regional, national or international in operations.
2. The locations of the office from which the work is to be done and the number of professional staff, by staff level, employed at the office.
3. A statement regarding the proposer's capability, and methods used, to audit computerized systems.
4. A positive statement that the following mandatory criteria are satisfied:
  - (a) An affirmation that the proposer is properly licensed for practice as a certified public accountant in the State of Utah.
  - (b) An affirmation that the proposer meets the independence requirements of the American Institute of Certified Public Accountants and the *Government Auditing Standards*, 2018 revision, published by the U.S. General Accounting Office.
  - (c) An affirmation that the firm meets the professional judgment, competence, and quality control & assurance requirements contained in the *Government Auditing Standards*, 2018 revision, published by the U.S. General Accounting Office.

B. Proposer's Qualifications

1. Identify the audit partners, audit managers, field supervisors and other staff who will work on the audit, including staff from other than the local office. Résumés including relevant experience and continuing education for the staff auditors up to the individual with final responsibility for the engagement should be included.
2. Describe the recent local office auditing experience similar to the type of audit requested. Also, provide a schedule of audits completed and types of reports written for public entities in the past three years.
3. If other auditors are to participate in the audit, those auditors should be required to provide similar information.
4. Provide a copy of the most recent peer review opinion.

C. Proposer's Approach to the Examination

Submit a general audit work plan to accomplish the scope defined in these guidelines. The audit work plan should demonstrate that the proposer understands the audit requirements and the audit tests and procedures to be applied in completing the audit plan. The plan should detail the expected number of audit hours by staff level. The planned use of specialists should also be specified.

D. Time Requirements

Detail how the reporting deadline requirements of the audit will be met.

E. Fees

Supply the billing rates, estimated number of billable hours, other billable expenses and a “not-to-exceed” fee, on an annual basis, for the audit, inclusive of travel, per diem and all other out-of-pocket expenses. The fees should also include the costs to occasionally provide technical assistance to city staff as requested throughout the year. As noted in section IV, if mutually agreeable, it is expected that the selected certified public accounting firm will be engaged to perform the audit for three to five years. Therefore, the not-to-exceed fee information requested above should be provided on an annual basis for the first three years.

F. Non-discrimination Clause

Affirm that the responding CPA firm does not discriminate against any individual because of race, religion, sex, color, age, disability, sexual orientation, or national origin, and that these shall not be a factor in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.

***CONTRACTUAL ARRANGEMENTS***

- A. Audit programs, work papers and reports must be retained for a period of three years after the completion of the audit and made available for inspection by the City of South Salt Lake or other interested parties if requested.
- B. The city will make one progress payment for fifty percent of the annual “not to exceed” fee at the conclusion of field work. A final payment for billed services will be remitted upon completion and presentation of the audit report.
- C. The City of South Salt Lake staff will prepare schedules, trial balances, and provide documentation and information to assist the auditor during the course of the audit. City staff will prepare and provide information for the **Introductory and Statistical Sections of the CAFR**. City staff will also prepare a “Schedule of Expenditures of Federal Awards” in preparation of the single audit portion of the engagement.

***EVALUATION OF PROPOSALS***

The following criteria will be considered when making an evaluation of the proposals:

A. Technical Factors

- Responsiveness of the proposal in clearly stating an understanding of the audit services to be performed.
  - (a) Appropriateness and adequacy of proposed procedures.
  - (b) Reasonableness of time estimates and total audit hours.
  - (c) Appropriateness of assigned staff levels.
- Technical experience of the firm.
- Qualifications of staff.
- Size and structure of firm, considering the scope of the audit.
- Geographic location of key personnel and responsible office.

B. Cost of the audit

C. Right to Reject

The City of South Salt Lake reserves the right to reject any and all proposals submitted and to request additional information from all proposers. Any engagement awarded will be made to the independent certified public accounting firm who, based on evaluation of all responses, applying all criteria and oral interviews, if necessary, is determined to be the best to perform the audit.

***SUBMISSION OF PROPOSALS***

Three printed copies of the proposal must be submitted to Craig Burton, South Salt Lake City Recorder, 220 E Morris Avenue, #200, South Salt Lake, UT, 84115, no later than 3:00 p.m. on xxxxxx, 2019. One electronic copy (pdf format) must be submitted no later than 3:00 p.m. on xxxxxx, 2019 via [cburton@southsaltlakecity.com](mailto:cburton@southsaltlakecity.com). Printed and electronic copies received after that date and time will be considered late and ineligible for consideration.

After 3:00 p.m. on xxxxx, 2019 the city reserves the right to distribute printed and electronic responses to city personnel in order to begin the evaluation process. Selection of the CPA firm will be made on or before xxxxx, 2019. All firms submitting proposals will be notified as soon as possible of the selection results.

***SOURCES OF INFORMATION***

There will be an optional pre-proposal meeting held on xxxxxx, 2019 @ xxx p.m. at the South Salt Lake City Hall Council Chambers, 220 E Morris Ave, 2<sup>nd</sup> Floor, South Salt Lake, UT, to allow for questions and clarification.