



## Town of Richmond, Rhode Island

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*Finance Office*  
Richmond Town Hall  
5 Richmond Townhouse Rd  
Wyoming, RI 02898  
401-539-8297  
treasurer@richmondri.com

### NOTICE

The Town of Richmond is requesting proposals for an **ANNUAL FINANCIAL REPORT** of the Town's financial records that encompasses all funds and account groups in compliance with generally accepted accounting principles (GAAP). Professional auditing firms are invited to submit a proposal to complete an audit in accordance with the audit specifications.

Specifications may be obtained at the Finance Office, 5 Richmond Townhouse Road, Richmond, Rhode Island, 02898 between the hours of 9:00 a.m. and 4:00 p.m. **Monday through Friday** and are available on the Town of Richmond website, [www.Richmondri.com](http://www.Richmondri.com).

The contact person for the audit proposal will be the Finance Director, Laura Kenyon. The telephone number is (401) 539-8297. Please contact Ms. Kenyon if you would like to view Town records prior to submitting your proposal, or if you have any questions.

Sealed proposals shall be delivered directly by interested firms to the Finance Director, Laura Kenyon, and will be opened at **10:00 a.m. on Monday, March 27, 2023**, in the Finance Office of the Richmond Town Hall, in the presence of representatives of the bidders and the municipality. One signed original and a searchable PDF formatted copy of the proposal are to be submitted. All proposals must be submitted with the bid form provided, and clearly marked:

(Sealed Bid)  
**AUDIT**

The municipality reserves the right to reject the lowest bidder if it deems that it does not possess the personnel, experience and other resources to complete the audit in accordance with the audit specifications or if the estimated hours to complete the audit are deemed inadequate. It may also reject all bids. In either case, the reason for its action will be documented.

Individuals requesting interpreter services for the hearing impaired must notify the Finance Office, (401)539-8297, three business days prior to the bid opening.

Laura Kenyon  
Finance Director

## **Due Dates for Completion of Audit and Delivery of Reports**

1. An annual audit shall be completed and final audit reports (inclusive of all audit communications) related to the financial statements shall be delivered to the municipality, State Auditor General and State Director of Revenue six months after the close of the fiscal year for each year (as required by Section 45-10-5 of the General Laws). For example, for a municipality with a fiscal year ending June 30, the reports must be filed by December 31 of each year. A final draft must be submitted to the Richmond Town Council five days prior to the first Tuesday in December.
2. A copy of the final written correspondence between the audit firm and those charged with governance (e.g. Statement on Auditing Standards – The Auditor’s Communication with Those Charged with Governance) shall also be delivered to the State Auditor General.

## **Qualifications of Auditor**

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid certification in the State of Rhode Island or from another state having equal professional standards.
2. The private auditor must meet the independence requirements of the American Institute of Certified Public Accountants and the independence requirements of *Government Auditing Standards*.
3. The senior accountant in charge of the fieldwork shall be a certified public accountant.
4. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits shall meet the continuing educational requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.
5. The audit organization shall have an appropriate internal quality control system in place and participate in an external quality control review program as required by *Government Auditing Standards*.
6. The audit organization shall provide a copy of their most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract to the municipality engaging the auditor.

7. Identification of any sub-contractors, co-proposers, or other entity that will be used to provide the professional services sought by the request for proposal.

### **Audit Contract**

1. The audit contract shall cover three fiscal years. Each year must be treated as a separate audit. The contract period shall not exceed three years.
2. Audit contracts shall specify an audit fee for each year and the number of hours included. The audit fee shall be inclusive of all expenses. Bids submitted in any other manner will not be accepted.
3. Continuation beyond the initial fiscal year of the three-year contract will be at the discretion of the municipality.
4. Any representations made with the submission will be relied upon and if proven to be false will be grounds for termination of the contract, if awarded. False representations will also be grounds for forfeiture of all payments under the contract. This will not limit the municipality from seeking any other legal or equitable remedies.

### **Audit Standards**

1. The audit shall be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants.
2. The audit shall be conducted in accordance with the standards for financial audits set forth in Government Auditing Standards issued by the Comptroller General of the United States. If a single audit is required then the standards contained in the amended (July 1996) Single Audit Act of 1984 and the provisions of OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements, must also be followed.
3. Generally accepted accounting principles (GAAP) as outlined by the Governmental Accounting Standards Board.

### **Audit Scope**

1. The Town desires the auditor to express an opinion on the fair presentation of its basic financial statements, which will include government-wide financial statements, fund financial statements, and notes to the financial statements in conformity with generally accepted accounting principles.

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

Required Supplementary Information shall include:

- Management's Discussion and Analysis
  - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
  - Schedules related to defined benefit pension plans and OPEB plans, if applicable
3. The Town also desires the auditor to express an "in-relation-to" opinion on the supplementary financial statements and schedules based on the auditing procedures applied during the audit of the basic financial statements.

Supplementary financial statements, schedules and information shall include:

- Combining fund financial statements shall be presented as supplementary information for all non-major governmental funds. Each non-major fund (included within the Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent Funds) shall be presented as separate columns in the combining fund financial statements. Similarly, combining financial statements shall also be presented for each of the other fund types when there is more than one internal service fund, enterprise fund, and fiduciary fund.
  - Combining financial statements shall be presented for the General Fund when separate funds are maintained within the accounting system but the funds do not qualify as special revenue funds, in accordance with generally accepted accounting principles, and are merged with the General Fund for financial reporting purposes.
4. If applicable, an audit of major programs in accordance with criteria outlined in OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements shall be performed.
    - a. The auditors shall audit major programs as required by OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance) - Subpart F – Audit Requirements and express an opinion on compliance for each major program.
    - b. Major programs shall be determined in accordance with guidance provided in OMB Guidance 2 CFR part 200 - Uniform Administrative

Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance) - Subpart F – Audit Requirements.

The auditor is not required to audit the supplementary schedule of expenditures of federal awards. However, the auditor is to provide an "in-c. relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

5. Other schedules may be required by the Town and/or the State of Rhode Island Director of Revenue, Auditor General, and Department of Education or as required by the applicable section of the general laws such as, Rhode Island General Law Section (RIGL) 45-10-6 (Contents of Audit Report).
  - The Tax Collector’s Annual Report shall be presented within Other Supplementary Information to meet the requirements of RIGL 45-10-6 for additional information to the basic financial statements. The Tax Collector’s Annual report should be presented in accordance with the revised format requirements of the RI Department of Revenue - Division of Municipal Finance (available on the Division’s website). The auditors engaged to audit the municipality’s financial statements shall also report on the Tax Collector’s Annual Report, as supplementary information (“fairly presented in relation to the municipality’s basic financial statements”).
  - Municipal Transparency Portal (MTP) - Enacted legislation amended Rhode Island General Laws §45-12-22.2 and §44-35-10 to improve required reporting by creating the Municipal Transparency Portal (MTP) which will represent a centralized location for municipal financial information. Each municipality shall include their Annual Supplemental Transparency Report, MTP2, within their annual audited financial statements. This requires one schedule that includes municipal reportable government services. The Annual Supplemental Transparency Report, MTP2, included within the annual audit report shall also include reconciliation to the amounts included in the fund level financial statements.

The auditors engaged to audit the municipality’s financial statements shall also report on the Annual Supplemental Transparency Report (including the reconciliations), MTP2, as supplementary information (“fairly presented in relation to the municipality’s basic financial statements”).

Auditors are not required to opine on the municipality’s determination of “reportable government services” (RGS) as defined in Section 2.1 of the Municipal Transparency Portal Implementation Guidance. The municipality will make the determination of “reportable government services” for inclusion in the various reports required to be submitted through the municipal transparency portal. However, auditors will be expected to review the reconciliations as part of the Annual Supplemental Transparency Report,

MTP2, (required for inclusion in the audited financial statements as supplementary information) to assess the inclusion of amounts reported which are not within the municipality's or school's general fund.

The format of the required MTP schedules and related reconciliations, as well as, the typical timeline for filing of the annual municipal data report and coordination with annual financial statement audit, are detailed in the MTP Implementation Guidance (available on the Division of Municipal Finance website).

The Independent Auditor's Report shall include reference to the Annual Supplemental Transparency Report, MTP2, as supplementary information. See the Municipal Transparency Portal Implementation Guidance for additional information.

6. Preparation of the Town's Annual Comprehensive Financial Report. In accordance with Government Auditing Standards, if the firm provides non-audit services, it must evaluate whether providing the services creates independence impairment with respect to the audit of the Town of Richmond.

### **Audit Reports**

1. Draft copies of all audit report(s) and the management letter shall be submitted to the Finance Director of the municipality prior to the exit conference so that there will be adequate time for review no later than November 30<sup>th</sup> of each year.
2. Following the completion of the audit of the fiscal year's financial statements, the auditor shall report on:
  - a) the fair presentation of the financial statements in conformity with generally accepted accounting principles based on an audit performed in accordance with generally accepted auditing standards and *Government Auditing Standards*. The auditor shall also make reference to, but not opine on, required supplementary information consistent with reporting guidance in the applicable AICPA Audit Guide.
  - b) Supplementary financial statements, schedules and information being fairly stated in all material respects in relation to the basic financial statements as a whole.
    - The supplementary information shall include combining fund financial statements (and if applicable, General Fund combining financial statements), the Annual Supplemental Transparency Report (MTP2, including the reconciliations), and the Tax Collector's Annual Report.

- c) 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.
- d) Reports required under trust agreements, loan agreements, etc.
- e) Reports and summaries related to federal financial assistance (as appropriate in the circumstances) as required by OMB Guidance (the auditor should refer to applicable OMB guidance in effect and the applicable AICPA Audit Guide for reporting guidance) and a completed Form SF-SAC, "Data Collection Form for Reporting on Audits of State, Local Governments and Non-Profit Organizations" to be submitted in accordance with the current method of submission for Form SF-SAC and Single Audit reporting packages (per OMB public Notice), to the Federal Audit Clearinghouse Internet Data Entry System.
- f) The supplementary schedule of expenditures of federal awards (SEFA) - the auditor is to provide an "in-relation-to" opinion on the SEFA, based on the auditing procedures applied during the audit of the financial statements.
- g) Other reports requested by the municipality and/or the Director of Revenue and/or the Auditor General or as required by the applicable section of the general laws.

**Management Letter**

1. Upon completion of the audit, a management letter shall be submitted to the Finance Director of the municipality, with copies to the Director of Revenue and the Auditor General.
2. The management letter should include comments, and/or recommendations beyond those included in the reports described above, on such matters as:
  - a. policies, procedures and practices employed by the municipality.
  - b. Control deficiencies that are not significant deficiencies or material weaknesses.
  - c. use of resources to provide a governmental service in a reasonable, judicious, economical, and efficient manner.
  - d. compliance with state laws pertaining to the municipality and with rules and regulations established by the municipality.

### **Additional Information To Be Provided To the Town**

The following information must be contained in a written representation by the audit firm to the municipality:

- ❑ the current status of the professional license of the firm, partner-in-charge, and senior accountant in charge of the fieldwork;
- ❑ staffing information including:
  - firm size,
  - number of staff allocated to the audit job,
  - relevant qualifications and experience of each person assigned to the audit job;
- ❑ The audit firm shall have at the time of proposal, and throughout the period of engagement, professional liability insurance coverage of not less than \$1 million;
- ❑ a list of any professional complaints pending or resolved against the firm or any of its partners with the state boards of accountancy, or any self regulatory, professional or government authority including but not limited to the AICPA, or Rhode Island Board of Accountancy;
- ❑ information regarding any lawsuits or claims against the firm, pending or resolved;
- ❑ a statement of relevant experience including a list of municipal or other governmental audits performed in the last five years;
- ❑ expected time budget and completion date for the audit;
- ❑ a statement that there exist no client conflicts which would inhibit the ability to perform the audit in accordance with professional standards;
- ❑ representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*;
- ❑ representation that the private auditor of a municipality meets the continuing educational requirements of *Government Auditing Standards*;
- ❑ representation that the private auditor has an appropriate internal quality control system in place and has participated in an external quality control review program as required by *Government Auditing Standards*. The firm will provide the Town and Auditor General with a copy of its most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract; and
- ❑ representation that the private auditor is familiar with generally accepted accounting principles for state and local government units and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants; the standards for financial audits set forth in *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act of 1984 as amended in July 1996 and the provisions of OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards -



Subpart F – Audit Requirements and will conduct the audit and will report in accordance with those standards.

- representation that any sub-contractors, co-proposers, or any other entity providing professional services under the engagement will be subject to, and will have met, all the same applicable requirements as the proposer.

**Access to Audit Information and Audit Documentation by Auditor General:**

As required by Section 45-10-4 of the RI General Laws, it is understood that the contract between the Town and the audit firm shall require the auditor or the audit firm to release any and all information obtained in the course of the engagement to the Rhode Island State Auditor General (or his designee). This information includes but is not limited to financial data, analysis, audit documentation, and memorandum. Audit documentation of the independent auditors shall be made available to the Auditor General (or his designee) upon request. The request for such information by the Auditor General shall be responded to promptly. Failure to provide this information shall constitute a breach of contract, and the contract shall give the Auditor General standing in a court of competent jurisdiction to enforce this provision.

**Other**

The printing of the completed Financial Statements will be the responsibility of the auditing firm with an adequate number of copies for distribution.

The complete report shall be provided in searchable PDF format by the auditing firm.

The auditing firm will submit the ACFR to the GFOA’s Certificate of Achievement for Excellence in Financial Reporting Program

The terms of billing and payment will be stated in the contract.

**Evaluation of Proposals**

An evaluation committee will be comprised of individuals knowledgeable about auditing and financial reporting matters. Proposals will be evaluated using the following scoring weights resulting in a maximum score of 100 points:

	Maximum points
Overall qualifications and experience of the firm and the specific engagement personnel to be assigned focusing on experiences with governmental entities and the specific line of business or services provided by the entity to be audited.	40
Overall audit approach and audit strategy described/outlined in the proposal and firm capacity to perform the engagement within	30

the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)	
Audit fees - See formula for points awarded for audit fees (*) 30	30
Maximum evaluation points 100	100

\* Evaluation technique – audit fees

Audit fee score = (lowest qualified bid/bid for firm being evaluated) X 30 points

Example: Assuming 3 bids received were: (firm A) - \$40,000, (firm B) - \$46,000, (firm C) - \$50,000

Firm A (the lowest bidder)	awarded 30 points	$\$40,000/\$40,000 \times 30 \text{ points} = 30$
Firm B	awarded 26 points	$\$40,000/\$46,000 \times 30 \text{ points} = 26$
Firm C	awarded 24 points	$\$40,000/\$50,000 \times 30 \text{ points} = 24$

An evaluation grid will be prepared summarizing the scoring by each member of the evaluation committee and the composite ranking. If any firm is disqualified and therefore not evaluated, the reason for such action shall be documented.

**B I D F O R M**  
**AUDIT/FINANCIAL STATEMENTS**

Pursuant to and in compliance with the **INVITATION TO BID**, and the **INSTRUCTIONS TO BIDDERS** relating thereto, the undersigned bidder hereby states that he/she (they or it) has carefully examined the **CONTRACT DOCUMENTS** and the party understands the provisions, requirement, terms and conditions thereof, all of which are acknowledged to be part of the **Bid Proposal**.

Further, he/she (they or it) has become familiar with local conditions and the extent of work: has determined the required quality, quantity and sources of supply of all plant, equipment, materials, tools, supplies, labor and all other facilities and things necessary or proper or incidental to the continuous execution and completion of the work as required: and hereby agrees to perform the contract in strict accordance with the **CONTRACT DOCUMENTS**.

**The undersigned bidder hereby agrees that the bid proposal submitted will remain in effect and binding upon the bidder for a period of 90 calendar days, from the date and time bids are received.**

The undersigned bidder declares that his/her bid proposal in all respects is fair and made without collusion with any other person, firm, corporation making a proposal for this work.

Year		Amount	Hours
2023	ACFR	\$ _____	_____
2024	ACFR	\$ _____	_____
2025	ACFR	\$ _____	_____

TOTAL CONTRACT PRICE (all three years):

\_\_\_\_\_  
(Written)

\_\_\_\_\_  
(Figures)

**If Single Audit is applicable:**

Year		Amount	Hours
2023	Single Audit	\$ _____	_____
2024	Single Audit	\$ _____	_____
2025	Single Audit	\$ _____	_____

BUSINESS NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

SIGNED: \_\_\_\_\_

TITLE: \_\_\_\_\_

PRINT NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

PHONE: \_\_\_\_\_

FAX: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

FIN: \_\_\_\_\_