

Request for Proposal

PROFESSIONAL AUDIT SERVICES

FORENSIC AUDIT OF CITY'S FINANCE DEPARTMENT, URA ACCOUNTS AND  
DEVELOPMENT AUTHORITY ACCOUNTS PROCEDURES

CITY OF FOREST PARK

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**I. INTRODUCTION**

A. General Information

1. Notice of Invitation – The City of Forest Park, Georgia (hereafter referred to as “the City”) through this Request for Proposal (hereafter abbreviated as “RFP”) extends an invitation to qualified auditing firms of Certified Public Accountants to submit a proposal to conduct a forensic accounting audit for fiscal year ending June 30, 2014 through fiscal year ending June 30, 2017, and through December 31, 2017. The audit is to be conducted in accordance with all applicable professional accounting & auditing standards.

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

2. Proposal Submission. Prospective firms should submit detailed proposals on or before March 21, 2018 by 2 p.m. Proposals should be submitted to:

City of Forest Park  
Office of the City Manager  
P.O. Box 69  
Forest Park, GA 30297  
``SEALED PROPOSAL DO NOT OPEN``

If the proposal is to be hand delivered or delivered by parcel carrier please address alternatively as follows:

City of Forest Park  
Office of the City Manager  
745 Forest Parkway  
Forest Park, GA 30297  
``SEALED PROPOSAL DO NOT OPEN``

Proposal cover letters should designate who can answer questions concerning the submitted proposals. An officer empowered to bind the firm submitting the proposal must sign the proposal.

3. Proposal Format. One original and five copies of each proposal should be submitted in the format outlined in Section III, “Proposal Document Instructions.”

4. Questions. Any questions should be submitted , prior to the clarification deadline date of March 15, 2018 at 12:00 PM eastern time, to the City Manager:

Angela Redding  
[aredding@forestparkga.org](mailto:aredding@forestparkga.org)  
404-366-4720

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5. Contract Terms. All firms submitting a proposal shall agree to not include a provision into a contract or agreement with the City requiring the City to hold harmless or indemnify any person, partnership, association, corporation or other form of entity. Prior to proceeding with the engagement, the firm selected will be required to provide an insurance certificate naming the City of Forest Park as an additional named insured, with coverage limits acceptable to the City, for the following policy types: General Liability, Vehicle Liability, Professional Liability/Errors & Omissions, Workers Compensation, and Fidelity Coverage. Third party Fidelity Coverage with minimum limits of \$1,000,000 to include theft or loss of property.

By responding to the RFP, the firm is agreeing to the terms, conditions and requirements set forth herein, unless expressly noted in writing in the firm's written submission. See Appendix B

6. The RFP is not to be construed as creating a contractual relationship between the City and any firm submitting a response to this RFP. The City shall incur no financial obligation or liability to any firm, solely on the basis of that firm having responded to this RFP. All costs associated with preparation of a response to this RFP are to be borne solely by the respondent.

7. By submitting a proposal, the proposing firm represents that it has examined and understands this RFP and has become fully informed of all the requirements of the RFP. By submitting a response, the firm represents that it has the ability to and intends to meet the requirements outlined herein, if selected.

8. The RFP is not intended to create a public bidding process, and the proposal with the lowest quoted fees will not necessarily be accepted, nor will any reason for the rejection of any proposal be indicated.

After determining that a proposal satisfies the mandatory requirements stated in the request for audit services, the comparative assessment and selection of the audit firm shall be made by using subjective judgment.

The City reserves the right to privately negotiate with any firm with respect to the requirements outlined in this Request for Proposals.

The City may require follow-up oral interviews with selected respondents and may require the respondents to participate in negotiations.

The City reserves the right to reject any or all responses, to modify the scope with one or more of the respondents, and to waive any/all requirements which the City deems to be in its or its employees' best interest.

The City reserves the right to consider historic information and fact, whether gained from the proposing firm's proposal, question-and-answer conferences, references or any other source, in the evaluation process.

The proposing firm is cautioned that it is the proposing firm's sole responsibility to submit all information relevant to their submitted proposal. The City is under no obligation to request further information from any respondent, but may choose to do so at its own discretion.

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The final decision on which firm to hire rests in the hands of the City Council, upon recommendation by the City Manager and Finance Director. The City reserves the right to negotiate with any proposing firm, if it is deemed in the best interest of the City to do so.

Services shall commence upon the issuance of a Notice to Proceed letter and shall remain in effect the services acquired in conjunction with this Solicitation are completed, and the finding and any associated reports are accepted by the City.

The City reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

## B. Special Conditions

### 1. Withdrawal

The City or the audit firm may, at each of their respective discretion, withdraw from the engagement at any time by providing notice to the other party.

### 2. Assignability

The contractor cannot transfer any interest or provide for the assignment of the purchase of professional services contract with the City either in whole or in part, without the written permission and consent of the City Manager and Finance Director.

### 3. Payment

Payment for services will be rendered based upon receipt of an itemized invoice from the audit firm. The itemized statement shall describe hours spent by each staff level and what audit services were performed during those hours. Periodic “progress” billings are permissible.

### 4. Ownership

All proposals and reports become the property of the City upon receipt, for use as deemed appropriate.

### 5. Confidentiality

All proposals will be kept in strict confidence by the City. The invitees and subsequently selected audit firm may not issue news releases or other public notification regarding this project without prior approval from the City.

### 6. Special Meetings

A planning meeting will be held between key engagement team personnel and key City employees prior to the start of audit work. Progress meetings will be held as deemed necessary by the City or the audit firm to gauge audit progress and assist in facilitating the timely completion of the audit. An exit conference will be held at the end of the audit to discuss findings and recommendations resulting from the audit work performed and a draft copy of the report will be provided at this time. In addition, special meetings will be scheduled when matters are discovered that, in the audit firm’s judgment, require immediate notification and/or the determination of a course of action. Scheduling of these meetings will be the result of communication between the engagement team lead professional, the Finance Director, and the City Manager.

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**II. NATURE OF SERVICES REQUIRED**

**A. Scope of Work**

The purpose of this solicitation is to select a firm to provide a forensic audit of the City's Finance Department, URA Accounts and Development Authority Accounts including the review of existing controls, and compliance with these controls, identify areas of risk fraud and misconduct, and recommend improvements and best practices. The engagement should be planned and carried out with sensitivity towards not overburdening City staff. The auditors could be required to testify or provide documentation in proceedings.

The City currently used Tyler Technologies Incode, Version 9 accounting software.

When evaluating City revenue sources the contractor shall consider all types of payments and deposits, authorization controls, necessary documentation, cash receipt controls and procedures for such transactions including segregation of duties and reconciliation controls.

The City will make personnel available for inquiries from respective City personnel, and make available accounting and other documents for review.

Findings and observations – the contractor shall provide all findings and observations in both a verbal presentation and in its written reports. The contractor may be required to attend City Council meeting(s) to report the progress of the audit or to report significant findings, or to obtain authorization for any expansion of the scope of services, if required.

**B. Reports to be issued**

Following the completion of the audit, the auditor shall issue the following:

1. A written report communicating the audit procedures performed and the results of those procedures. The report should address the results of the audit procedures in light of the objectives discussed in sections II A above.
  
2. A written report listing any internal control conditions found during the course of the audit procedures that would be defined as material weaknesses or significant deficiencies in the design or operation of the internal control structure. The City receives a report of this nature during its annual financial statement audit, however, the scope of that audit is not sufficient to identify all problem areas. Therefore, the City desires that an additional report provide an evaluation of the City's internal accounting and operating controls, review compliance with the controls, evaluate risk of fraud and misconduct and recommend enhancements where necessary to strengthen the City's practices during this audit engagement. The City requests that the auditors communicate recommendations for correcting each noted material weakness or significant deficiency. If during the course of the audit procedures, the auditors discover internal control conditions that require the City's immediate attention, the City desires that the auditors brief the City Manager and Finance Director accordingly at that time.

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C. Working Paper Retention and Access to Working Papers

The City is operating under the assumption that all proposing firms will use some sort of audit engagement document management software. As such, the City expects to be able to access any work papers as needed, with such prior notification as the audit firm deems appropriate, for an indefinite period of time.

The proposing firm should indicate its current policy on retention of audit work papers. The City requests that the firm provide prior notification to the City of its intent to purge from its data files the work papers pertaining to this engagement.

As stated before, the auditors could be required to testify or provide documentation in proceedings. The audit firm may receive requests for information from its work papers for that purpose.

In addition, the firm shall respond to the reasonable inquiries of any other auditors with whom the City contracts with (such as the City's financial statement audit firm) and allow such auditors to review working papers, if necessary, relating to matters of continuing accounting significance.

**III. PROPOSAL DOCUMENT INSTRUCTIONS**

A. General Requirements

Proposals should include the following:

1. Title page, including:
  - a. The name and address of the firm
  - b. The name, address, and phone number of the proposing firm's contact person
2. Table of contents
3. Transmittal letter, including:
  - a. A brief statement as to the proposing firm's understanding of the work to be performed, the commitment to perform the work within the time period, and a statement as to why the firm believes it to be the best qualified to perform the engagement.
  - b. The period of time for which the offer will be honored, which should be at least 90 days from the date of the proposal.
  - c. A signature of the person authorized to commit the firm.
4. Body of proposal – prepared to include items discussed on following page.
5. Executed copy of the document titled Appendix A and Appendix B.

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B. Body of Proposal

The purpose of the proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake the forensic audit on behalf of the City of Forest Park. Accordingly, the substance of proposals will carry more weight than their form or manner of presentation.

The 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 requirements of the request for proposals. The proposal should address all the points outlined in the request for proposal.

1. Independence

The firm should provide an affirmative statement that it is independent of the City of Forest Park as defined by current professional standards (specifically, Generally Accepted Auditing Standards as established by the American Institute of Certified Public Accountants and Generally Accepted Government Auditing Standards established by the U.S. General Accounting Office).

2. Firm Qualifications and Experience

The proposal should state the size of the firm, and the location for the office from which the audit will be performed.

An affirmative statement should be included indicating that the firm is licensed to practice in the State of Georgia.

The firm is also required to submit a copy of the report on its most recent external quality control review (Peer Review), with a statement as to whether that quality control review included a review of specific government engagements.

In addition, the firm shall submit a statement as to whether there have been any disciplinary proceedings taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations, and the disposition of such proceedings, if any.

3. Partner/Shareholders, Manager, and Engagement Staff Qualifications and Experience

The firm should identify the engagement partner/shareholder, manager(s), and any other key members of the potential engagement team and indicate whether each such person is licensed to practice as a Certified Public Accountant and their state of licensure and the license number. At least one key member of the engagement team should be licensed in Georgia.

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The firm also should provide information on the experience of each person noted above, particularly in areas of governmental accounting, internal auditing, and fraud/forensic auditing. The firm should also note professional staff holding additional credentials and/or membership in professional organizations relevant to the performance of this type of audit.

The team performing the audit should include a lead auditor possessing a CPA and 5 years' experience and at least one member that holds one of the following certifications and 5 years' experience in performing forensic audits:

1. Certified Fraud Examiner (by the National Association of Certified Fraud Examiners)
2. Certified in Financial Forensics (by the American Institute of Certified Public Accountants)

#### 4. Similar Engagements with Other Entities

List the most significant engagements (maximum of 5) performed in the last five (5) years that are similar to the engagement described in this RFP. Please note the participation of key firm personnel that will be assigned responsibility for the proposed audit, and indicate briefly the scope of work, dates of the engagements, total audit hours, and client contact information.

#### 5. 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 II, A of this request for proposals. In developing the work plan, references should be made to such sources of information as provided by the City on request by the proposing firm.

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

- a. Proposed segmentation of the engagement with anticipated time frames for each segment.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- c. Type and extent of analytical procedures to be used in the engagement.
- d. Approach to be taken to gain and document an understanding of the City's internal control structure.
- e. Identification of the extent of substantive tests of balances procedures to be performed.

#### 6. Identification of Potential Problem Audit Areas

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

#### 7. Cost

- a. Estimated Cost with Rates by Partner, Manager, Senior and Staff

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b. Additional Professional Services

If it should become necessary for the City to request the auditor to render any additional services to supplement the services requested in this request for proposal, or to extend the audit to periods beyond those stated in the original engagement letter, then such additional work shall be performed only if set forth in a new engagement letter between the City and the firm.

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**APPENDIX A**

**SCHEDULE OF ESTIMATED PROFESSIONAL FEES AND EXPENSES**

Please provide the City with an estimate of the charges and timeframe needed to complete the engagement with hours of work allocated between Partners, Managers, Senior Accountants and Staff Accountants plus any other charges to be incurred.

The City is aware that the exact number of hours needed to complete the engagement prescribed may vary depending on the nature and extent of testing required to produce the desired results.

As a reminder, the cost of the audit will not be the only determining factor in the selection of an accounting firm for this engagement. However, the City wishes to accurately budget for the cost of the audit in accordance with the estimated costs provided by the firm selected.

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Company

\_\_\_\_\_  
Date

This page **must** be signed and submitted as part of your proposal to be considered valid.

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**APPENDIX B**  
**RFP EXCEPTIONS PAGE**

The proposing firm must note below all exceptions to the RFP specifications. By signing below the responsible party certifies that the following listed items are the only exceptions to the RFP specifications and all forms attached. If there are no exceptions, the signer should indicate by writing "No Exceptions" in the space below.

If your proposal meets all specifications for this RFP except as noted above, sign here:

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Company

\_\_\_\_\_  
Date

This page **must** be signed and submitted as part of your proposal to be considered valid.