

CITY OF LIVINGSTON, TEXAS
REQUEST FOR PROPOSALS – FROM QUALIFIED AUDITORS
FOR THE ANNUAL FINANCIAL AUDIT

The City of Livingston, Texas is requesting proposals from qualified auditors for the Annual Financial Audit of the City in accordance with the requirements of the laws and/or requirements of the State of Texas. The audit will (1) examine the financial statements and records of all funds and account groups of the City and its component units for the fiscal year ending September 30, 2024, and for two subsequent fiscal years, with an optional renewal for one (1) two-year term, not to exceed a maximum contract period of five (5) years, and (2) other related services as specified in Request for Proposal. For a copy of the Request for Proposal with requirements and specification, please contact Ellie Monteaux, City Secretary, 200 W. Church Street, Livingston, Texas 77351 phone 936-327-4311. Sealed proposals shall be submitted no later than **3:00 p.m.** **on January 8, 2024**, to the City of Livingston. Submit ten (10) copies and one digital copy of the proposal. It is important the proposal be submitted in a sealed envelope clearly marked with the following information:

City of Livingston
Attn: Ellie Monteaux, City Secretary
Request for Proposal for Audit Services

Proposals will be publicly opened and read aloud at the Livingston City Hall, 200 W. Church Street, Livingston, Texas 77351 on **January 8, 2024, at 3:00 p.m.** following the submittal deadline.

Unsealed or late proposals will not be accepted. The City of Livingston reserves the right to reject any and all proposals, to negotiate portions thereof and to select any proposal considering the quoted estimated fee and other factors as deemed to be in the best interest of the City.

I. INTRODUCTION

A. General Information

The City of Livingston, Texas (hereinafter referred to as the City) seeks proposals in response to this Request for Proposal (RFP) from qualified and experienced public accounting firms whose principal officers are independent certified public accountants (hereinafter referred to as "proposers" or "the proposer," with related pronoun reference "he" or "his" to be interpreted without regard to gender). The objectives of this RFP are: (1) to obtain audit services for performance of the City's annual audit of financial statements for the fiscal year ending September 30, 2024, and for two subsequent fiscal years, with an optional renewal for one (1) two-year term, not to exceed a maximum contract period of five (5) years, and (2) to obtain other related services as stated herein. These audits are to be performed in accordance with generally accepted government auditing standards.

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

To be considered ten (10) printed copies and one digital copy of a proposal must be received by Ellie Monteaux, City Secretary by mail or in person at 200 W. Church Street, Livingston, Texas 77351 on or **before 3:00 p.m. on January 8, 2024**. It is the sole responsibility of the proposer to ensure that the proposal is received within the time limit indicated. Late proposals will not be accepted.

During the evaluation process, the City of Livingston reserves the right, where it may serve the City of Livingston's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City of Livingston, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Livingston 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 this contract between the City of Livingston and the firm selected.

It is anticipated the **selection of a firm will be completed by February 13, 2024**. Following the notification of the selected firm it is expected a contract will be executed between both parties by **March 5, 2024**. The city may modify these dates should the evaluation process require additional time.

B. Term of Engagement

Term of the contract shall be to examine the financial statements and records of all funds and account groups of the City and its component units for the fiscal year ending September 30, 2024, and for two subsequent fiscal years, with an optional renewal for one (1) two-year term, not to exceed a maximum contract period of five (5) years. Subject to the annual review of the City Manager, the satisfactory negotiation of terms (including a price acceptable to both City of

Livingston and the selected firm, the concurrence of the City Council and the annual availability of an appropriation.

C. Dispute Resolution

Disputes concerning the terms of contracted services that cannot be resolved will be brought before an independent mediation center, whose decision will be binding upon both parties.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Livingston is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2024, and for two subsequent fiscal years, with an optional renewal for one (1) two-year term, not to exceed a maximum contract period of five (5) years, and (2) other related services as specified in Request for Proposal. These audits are to be performed in accordance with the provision contained in this request for proposals.

B. Scope of Work to be performed

The City of Livingston desires the auditor to express an opinion on Livingston's financial statements of the government activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information in conformity with generally accepted accounting principles.

The auditor is required to audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information, which collectively comprise the City's basic financial statements. However, the auditor is to provide an "in-relation-to" statement on the combining and individual fund financial statements and supplementary schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the statistical section of the report; this section will remain unaudited but should be reviewed.

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

If necessary, the auditor is required to audit the schedule of federal and/or state financial assistance. This information should be subjected to the auditing procedures applied in the audit of the basic financial statements and in accordance to Governmental Auditing Standards, the federal Single Audit Act and the Uniform Guidance. The auditor is to provide an opinion of the fair presentation of this schedule in relation to the basic financial statements taken as a whole.

C. Auditing Standard 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 Accounts, the standards for financial audits set forth in the U.S. General Accounting Officer's Government Auditing Standards, the provisions of the Single Audit Act Amendments and the provisions of U.S. Office of Management and Budget (OMB) Uniform Guidance.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. An "in-relation-to" report on the schedule of federal financial assistance.
5. A report on the internal control structure used in administering federal financial assistance programs.
6. A report on compliance with laws and regulations related to major and non-major federal financial assistance programs. This report should include an opinion on compliance with specific requirements applicable to major federal financial assistance programs, a report on compliance with general requirements applicable to major federal financial assistance programs, and a report on compliance with laws and regulations applicable to non-major federal financial assistance program transactions tested.

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

- a. Reportable conditions that are also material weaknesses shall be identified as such in the report.
- b. Nonreportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on internal controls.

- c. The reports on compliance shall include all instances of noncompliance.
- d. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the necessary parties.
- e. Auditors shall assure themselves that the City of Livingston is informed of each of the following:
 - The auditor's responsibility under generally accepted auditing standards.
 - Significant accounting policies
 - Management judgements and accounting estimates
 - Significant audit adjustments
 - Other information in documents containing audited financial statements.
 - Disagreements with management.
 - Management consultation with other accountants.
 - Major issues discussed with management prior to retention.
 - Difficulties encountered in performing the audit.

f. 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 City of Livingston of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- City of Livingston
- U.S. Department of Environmental Protection
- U.S. General Accounting Office (GAO) or
- Any other federal or state funding agency

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.

g. Regulation Updates

The auditor shall provide the City's Finance Department with written information relating to regulations changes and its potential impact on the City and its operations.

III. DESCRIPTION OF THE CITY

A. Name and telephone number of contact person/location of offices.

The auditor's principal contact the City of Livingston will be Linnette Barker, Finance Director, finance@livingston.net, or a designated representative, who will coordinate the assistance to be provided by the City of Livingston to the auditor.

B. Background information

The City of Livingston's fiscal years begin on October 1st and end on September 30th. The city has a population of approximately 5,784. The city is a Type A General Law City that operates under the Council-Manager form of government. The City Council is comprised of the mayor and five Council members.

The City of Livingston provides a range of extensive services, the basic services include public safety, streets, sanitation, parks, recreation, events, library, provision of water and electricity, sewage disposal and general administration services. The city currently has a workforce of approximately 90 full-time employees.

C. Federal and State Financial Assistance

During the 2020 fiscal year the city received financial assistance from the American Rescue Plan Funds. These funds are expected to be expended in the 23/24 fiscal year.

D. Pension Plans

The City of Livingston participates in the statewide Texas Municipal Retirement System. This program is administered by TMRS, an agent multiple employer public employee retirement system. This program is a joint contributor, defined contribution plan, but has several characteristics of defined benefit plans.

E. Availability of prior audit reports and working papers

Interested proposers who wish to review prior years' audit reports are available on the City's website www.cityoflivingston-tx.com/Departments/Finance City of Livingston Comprehensive Annual Financial Report. The city will use its best efforts to make supporting working papers available to proposers to aid their response to this request for proposals. The Audit for fiscal year 2022/2023 will be completed and available for review in March 2024.

IV. 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	November 10, 2023
Due date for proposals	January 8, 2024

B. Notification and Contract Dates

Selected firm notified	February 13, 2024
Contract date	March 5, 2024

C. The City of Livingston will be available to meet with firm's personnel as of March 11, 2024, to discuss with the selected Auditing firm:

- Significant accounting policies
- Management judgements and accounting estimates
- Other information in documents containing audited financial statements.
- Management consultation.

D. Date Audit May Commence

- The City of Livingston's management will be available for interim fieldwork and discussion of the audit timetable beginning no earlier than the first week of August each year during the term of this contract.

E. Time schedule will be developed for audit of fiscal year 23/24 following award of contract.

Each of the following should be completed by the auditor no later than the dates indicated.

- Detailed Audit Plan – The auditor shall provide the City of Livingston by the end of August, both a detailed audit plan and a list of all schedules to be prepared by the City of Livingston.
- Fieldwork – Fieldwork should be completed timely so that draft audit reports will be issued by the end of February 15th.
- The Draft Audit report and recommendations to management will be available for review by the City Manager and Finance Director by February 15th
- The Final report is to be delivered and presented to the City Council at the Regular City Council Meeting in March.

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

A. Finance Consultant and Clerical Assistance

The finance staff and responsible management personnel will be available to assist the firm by providing information, documentation, and explanations. Personnel will be available to pull invoices, copy work papers and complete any additional items needed to complete the audit.

B. Work Area, Telephones, and Photocopying

The City of Livingston will provide the auditor with reasonable workspace and chairs. The auditor will have access to telephone lines, internet, and copy machine.

VI. PROPOSAL REQUIREMENTS

The following material is required to be received for a proposing firm to be considered:

A. Ten (10) copies and one digital copy of a Technical Proposal including:

- Title Page – Title page showing the request for proposals subject; the firm's name, contact name, address and telephone number; and the date of the proposal.

- Table of Contents
- Transmittal Letter – A signed letter briefly stating the submitting firm's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes it is the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for six months.

VII. PROCEDURES FOR SUBMITTING PROPOSALS

A. Delivery

Responses to the request for proposal should be addressed or hand delivered to:

City of Livingston
Attn: Ellie Monteaux, City Secretary
Request for Proposal for Audit Services
200 W. Church Street
Livingston, TX 77351

Proposals must be received no later than **3:00 p.m. on January 8, 2024** in a sealed envelope clearly labeled "RFP AUDIT SERVICES".

B. Number of Copies of Proposal

Submit ten (10) copies and one digital copy of the proposal.

C. Assistance to Firms Submitting Proposals

Any person wishing to obtain additional information about the request for proposal or about the operations of the City of Livingston may contact the individual mentioned above in Section 3.

D. Opening and Reading of Proposals

Proposals will be publicly opened and read aloud at the Livingston City Hall located at 200 W. Church Street, Livingston, Texas at **3:00 p.m. on January 8, 2024**.

VIII. STATEMENT OF REQUIREMENTS

- A. The auditor will provide ten (10) copies of the written report.
- B. The auditor is requested to provide a management letter containing comments oriented towards constructive improvements. Copies of selected audit working papers will be provided as request by the City of Livingston and as provided for in the engagement letter.

IX. ESTIMATED FEES

Please show the estimated cost for the annual audit for the fiscal year ending September 30, 2024. Also state estimated fees for the two subsequent fiscal years, under current existing

conditions, if the City of Livingston were to request an extension of the contract. Include information indicating how the price was determined. For example, indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Any out-of-pocket expenses should be indicated.

X. COUNCIL APPROVAL

A. A proposal will be selected by February 13, 2024 barring a decision by the City Council to table or reject all proposals submitted.

B. A proposal shall be selected from those submitted using the following scoring system:

- Prior experience auditing cities 0-20
- Prior experience auditing County or Other local government activities 0-10
- Prior experience auditing programs Funded by State of Texas 0-05
- Prior experience auditing programs Funded by the Federal Government 0-05
- Qualifications of staff to be assigned to the audit to be performed determined from resumes submitted 0-20
- Familiarity of firm with City 0-10
- Price 0-20
- Other considerations 0-10

Thank you for your time and consideration in this request for proposals.