

CITY OF OLEAN

OFFICE OF THE CITY AUDITOR

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CITY OF OLEAN REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES

**CITY OF OLEAN
OLEAN, NEW YORK 14760**

CITY OF OLEAN
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of Olean is requesting proposals from qualified independent certified public accountants or independent public accountants to audit its financial statements. The period of the services sought by this procurement shall be June 1, 2024 through May 31, 2025, with an option to renew for up to three one-year extensions.

It is the City's responsibility, and not that of the auditor, to prepare all required components of the financial statements to be audited. The audit is to be conducted in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The following conditions apply to this Request for Proposals (RFP):

- There is no express or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.
- A pre-proposal conference is scheduled for Friday, January 26, 2024, at 10:00 a.m. in the Police Training Room located in the basement of the Olean Municipal Building, 101 East State Street, Olean, NY. The pre-proposal conference is not intended to afford a potential proposer the opportunity to discuss its specific audit approach and/or its qualifications and cost.

Any inquiries concerning this RFP must be in writing and should be addressed to City Auditor Lens Martial via email at lmartial@cityofolean.org. Inquiries must be electronically received by close of business on January 30, 2024. City of Olean responses to all inquiries will be distributed to each potential proposer that attends the pre-proposal conference and published on the City's website at <https://cityofolean.org/request-for-proposal/> no later than close of business on February 1, 2024.

- To be considered, THREE copies of a proposal must be received by the City of Olean City Auditor at 101 East State, Olean by 2:00 p.m. Friday, February 16, 2024. The City of Olean reserves the right to reject any or all proposals submitted.
- During the evaluation process, the City of Olean reserves the right, where it may serve the City's best interest, to request additional information or clarification from a proposer, or to allow corrections of non-material errors or omissions or waive non-material requirements. At the discretion of the City,

firms submitting proposals may be requested to make oral presentations as part of the evaluation process. If conducted, oral presentations will be scheduled with each proposer.

- The City 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 RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.
- The City reserves the right, as best serves its interest, to change any of the projected dates set forth in this RFP, including, but not limited, to the due date for receipt of proposals.

B. Term of Engagement

A one-year contract is contemplated, with an option to renew for up to three one-year extensions. No audit engagement shall be for a term longer than five (5) consecutive years.

C. Subcontracting

No subcontracting is allowed.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Olean is soliciting the services of qualified independent certified public accountants and independent public accountants to audit the financial statements prepared by the City of Olean for the fiscal year June 1, 2024 through May 31, 2025, with an option to renew for up to three one-year extensions. The audit is to be performed in accordance with the provisions contained in this RFP.

B. Scope of Work to be Performed

The auditor will be asked to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles or the single entry/modified accrual regulatory basis of accounting as prescribed by the Office of the State Comptroller.

C. Auditing Standards to be Followed

To meet the requirements of this RFP, the audit shall be performed in accordance with:

Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

D. Reports to be Issued

1. For Audits of Financial Statements Prepared in Accordance with Generally Accepted Accounting Principles (GAAP).

Following completion of the audit of the City of Olean's fiscal year-end financial statements, where applicable, the auditor shall include:

- a. Independent Auditor's Report.
- b. Management Discussion and Analysis.
- c. Basic Financial Statements;
 - I. City of Olean-Wide Financial Statement
 - II. Fund Financial Statements
 - III. Notes to Financial Statements
- d. Required Supplemental Information.
- e. Supplemental Information, as required by the Office of the State Comptroller.
- f. Report on Compliance and on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
- g. Such other things as designated by the Office of the State Comptroller, including, but not limited to, the City of Olean's responses to the questions listed in the City of Olean Questionnaire, which is part of the required filing in the Annual Update Document (AUD).

E. Other Reports

1. 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 control deficiency, significant deficiency or a material weakness 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.

2. Nonreportable conditions discovered by the auditors shall be verbally reported to management.
 3. Irregularities and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of which they become aware to the Board of Common Council.
 4. Reporting to the Board of Common Council. Auditors shall ensure that the City of Olean's governing board is informed of each of the following:
 - a. The auditor's responsibility under generally accepted auditing standards.
 - b. Significant accounting policies.
 - c. Management judgments and accounting estimates.
 - d. Significant audit adjustments.
 - e. Other information in documents containing audited financial statements.
 - f. Disagreements with management.
 - g. Management consultation with other accountants.
 - h. Major issues discussed with management prior to retention.
 - i. 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 seven (7) years, unless the firm is notified in writing by the City of Olean of the need to extend the retention period. The auditor is required to make working papers available, upon request, to the following parties or their designees:

City of Olean, and

Office of the State Comptroller.

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.

III. DESCRIPTION OF THE CITY OF OLEAN

Background Information

The City of Olean is a unit of local municipal government providing services to its local citizens. The City was founded in 1804 and currently employs 220 full-time equivalent individuals, which includes full time Police and Fire Departments.

The City of Olean's fiscal year begins on June 1 and ends on May 31. The City of Olean has a total budget of approximately \$30,000,000.

A. Contact Person

The auditor's principal contact with the City of Olean will be Lens M. Martial, City Auditor, 101 East State Street, Olean, NY 14760; lmartial@cityofolean.org; 716-376-5613.

B. Fund Structure

The City of Olean uses the following fund types in its financial reporting:

- General Fund (legally adopted annual budget)
- Water Fund
- Sewer Fund
- Special Funds
- Capital Fund
- Debt Service
- Agency Fund

C. Budgetary Basis of Accounting

The City of Olean prepares its budget on a basis consistent with its basis of accounting. Where applicable, appropriations lapse at fiscal year-end and encumbrances are shown as a reservation of fund balance and are honored through subsequent year's expenditures.

D. Pension and Other Plans

The City of Olean participates in the New York State and Local Retirement System, the New York State Police and Fire Retirement System, and the Length of Service Award Program.

E. Magnitude of Finance Operations

All financial accounting and reporting is handled through the Auditor's Office.

Number of vendors the City of Olean regularly does business with:

Number of purchase orders generated in a year:

Number of non-payroll checks issued in a year:

Number of paychecks distributed in a pay period:

F. Computer Software (Tyler Technology, Incode)

The City utilizes accounting software provided by Tyler Technology.

G. Availability of Prior Audit Reports and Working Papers (If applicable)

Each interested proposer wishing to review prior years' audit reports and management letters should contact Lens Martial at the Auditor's Office, 101 East State Street, Olean, New York, 14760. The City of Olean will use its best efforts to make prior audit reports and supporting working papers available to each proposer to aid in its response to this RFP.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals must be submitted:

RFP issued	(12/27/2023)
Pre-proposal Conference	(01/26/2024)
Request for Clarifications	(01/30/2024)
Responses to Clarifications	(02/01/2024)
Due date for proposals	(02/16/2024)

B. Notification and Contract Dates

Selected firm notified	(02/28/2024)
Contract period	(06/01/2024-05/31/2025)

C. Date Final Report is Due

The report on the financial statements of the City of Olean is due by October 30, 2024.

The final report and statements signed copies should be delivered to the City of Olean Auditor's Office, then presentation to the Board of the Common Council.

- D. The City reserves the right, as best serves its interest, to change any of the projected dates set forth in this RFP, including, but not limited to, the due date for receipt of proposals.

V. PROPOSAL REQUIREMENTS

A. General Requirements

Firms interested in submitting a proposal must attend the mandatory Pre-proposal conference scheduled for Friday, January 26, 2024, at 10:00 a.m. in the Police Training Room located in the basement of the Olean Municipal Building, 101 East State Street, Olean, NY. Failure to do so disqualifies firms from submitting a proposal.

1. Inquiries

Written inquiries concerning the RFP and its subject must be made to:

City Auditor Lens Martial at lmartial@cityofolean.org

City of Olean responses to all inquiries will be distributed to each potential proposer that attends the pre-proposal conference and published online on the City's website at: <https://cityofolean.org/request-for-proposal/>

2. Submission of Proposals

The following material is required to be received by /February 16, 2024 by 2:00 p.m./ for a proposing firm to be considered.

- a. A master copy (so marked) of a Technical Proposal and TWO copies to include the following:

i. Title Page

Title page showing the RFP subject; the firm's name; name, address and telephone number of the contact person; and the proposal date.

ii. Table of Contents

iii. 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 it to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section V, Part B, of this RFP.

- b. A master copy (so marked) and TWO copies of a Cost Proposal in a separate sealed envelope marked as follows:

SEALED COST PROPOSAL
FOR CITY OF OLEAN
FOR PROFESSIONAL AUDITING SERVICES

- c. The completed proposal, consisting of the two separate envelopes, should be sent to the following address:

City of Olean
Auditor's Office
101 East State Street
Room 109
Olean, New York 14760

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 City of Olean in conformity with the requirements of this RFP. As such, the substance of proposals will carry more weight than the 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 RFP requirement.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all points outlined in the RFP (excluding any cost information, which should only be included in the Cost Proposal). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the RFP requirements. While additional data may be presented, the information in ensuing items 2 through 8 must be included. They represent the criteria against which the Technical Proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the City of Olean as defined by the standards applicable to financial audits

contained in Government Auditing Standards, issued by the Comptroller General of the United States.

3. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of its governmental audit staff, the location of the office where this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full- and part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement of 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 review or field reviews of its audits during the past 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.

4. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each person is registered or licensed to practice as a certified public accountant in New York State. Provide information on the government auditing experience of each person, including relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists mentioned in response to this RFP 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 City of Olean. However, in either case, the City retains the right to approve or reject replacements.

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

Other audit personnel may be changed at the discretion of the proposer provided replacements have substantially the same or better qualifications or experience.

5. Similar Engagements with Other Municipalities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last five years that are similar to the engagement described in the RFP.

Indicate the scope of work, date, engagement partners, total hours, and name and telephone number of the principal client contact.

6. Specific Audit Approach

The Technical 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 of this RFP. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational chart, programs, and financial and other management information systems.

Each proposer will be required to provide the following information on its 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 DOLLAR COSTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- c. Sample size and type and extent of testing.
- d. Approach to be taken to gain and document an understanding of the City's internal control structure.
- e. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- f. Approach to be taken in drawing audit samples for purposes of tests of compliance.

7. Identification of Anticipated Potential Audit Problems

The Technical 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 City.

8. Report Format

The Technical Proposal should include sample formats for required reports.

C. Sealed Cost Proposal

1. All-Inclusive, Not-to-Exceed (NTE) Price.

The Cost Proposal should contain all pricing information relative to performing the audit engagement as described in this RFP. The all-inclusive NTE price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the Technical Proposal or the Cost Proposal. Such costs should not be included in the Cost Proposal.

The first page of the Cost Proposal should include the following information:

- a. Name of firm.
 - b. Certification that the person signing the Cost Proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the City.
 - c. An All-Inclusive NTE Price for the period of the services sought by this procurement being June 1, 2024 through May 31, 2025, with an option to renew for up to three one-year extensions.
2. Hourly rates by Partner, Specialist, Supervisory and Staff Level Multiplied by Hours Anticipated for Each.
 3. Hourly Rates for Additional Professional Services.
 4. Manner of Payment.

Periodic payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred, up to the NTE price for the engagement. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

VI. SELECTION OF AUDITOR

- A. The City of Olean will approve a firm based on an evaluation of the proposals. The City reserves the right to enter into negotiations with the proposer offering the next-best value should the City be unable to negotiate and execute a contract with the awardee.
- B. It is anticipated that a firm will be selected by February 28, 2024. Following notification of the firm selected, it is expected a contract will be executed between both parties for the period June 1, 2024-May 31, 2025, with an option to renew for up to three one-year extensions.
- C. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right without prejudice to reject any or all proposals.

APPENDIX A

PROPOSER GUARANTEES

- I. The Proposer certifies it can and will provide and make available, as a minimum, all services set forth in Nature of Services Required.
- II. The Proposer has read Appendixes A-D and Contractual Requirements, and agrees that the rights and prerogatives as detailed are retained by the City.
- III. The Proposer agrees to be bound by the contractual requirements delineated in Appendixes A-D.

Signature of Official:

Name (typed):

Title:

Firm:

Date:

APPENDIX B

PROPOSER WARRANTIES

- I. 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.
- II. Proposer warrants that it will not assign, delegate or subcontract its responsibilities under this agreement.
- III. 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

ALL-INCLUSIVE, NOT-TO-EXCEED PRICE

ALL-INCLUSIVE, NOT-TO-EXCEED PRICE

For the audit engagement as outlined in Section II above for the period of the services sought by this procurement shall be June 1, 2024 through May 31, 2025, with an option to renew for up to three one-year extensions.

June 1, 2024 – May 31, 2025: \$-----

June 1, 2025 – May 31, 2026: \$-----

June 1, 2026 – May 31, 2027: \$-----

June 1, 2027 – May 31, 2028: \$-----

APPENDIX D

**SCHEDULE OF FEES FOR ADDITIONAL AUDITS AND SERVICES
IF REQUESTED BY THE CITY OF OLEAN**

	<u>HOURLY RATE</u>
PARTNERS	_____
MANAGERS	_____
SUPERVISORY STAFF	_____
STAFF	_____
OTHER (SPECIFY)	_____