

LEGAL NOTICE

**TOWN OF PROSPECT REQUEST FOR PROPOSALS FOR
PROFESSIONAL AUDITING SERVICES**

APRIL 21, 2020

The Town of Prospect, Connecticut is requesting proposals from qualified firms of certified public accountants, in accordance with the provisions of the Connecticut General Statutes, to conduct an audit and to render an opinion on the comprehensive annual financial statements of the Town of Prospect. Proposals will be received at the Office of the Mayor until 1:00 PM May 18, 2020 at which time no further proposals will be considered. The Town of Prospect is an Equal Opportunity Employer.

I. INTRODUCTION

A. General Information

The Town of Prospect (the Town) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2020, 2021, 2022. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of the Federal Single Audit Act of 1984, as amended in 1996, and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-profit Organizations, and the provisions of Sections 4-230 through 4-236 of the Connecticut General Statutes concerning the State Single Audit Act.

The auditor(s) shall state that the primary purpose of the audit is to express an opinion on the basic financial statements taken as a whole and that the audit is subject to the inherent risk that errors or irregularities may occur and may not be detected.

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

To be considered, an original and ten (10) copies of a proposal must be received by the Town of Prospect, Mayor's Office, 36 Center Street, Prospect, Connecticut 06712, by 1:00 PM on May 18, 2020.

In addition to other reservations and conditions, the Town of Prospect reserves the right to waive any technical defects in the bids received; waive any informalities; to reject any and all bids for any reason, including that it or they do not conform to the terms and conditions described herein, as determined by the Town in its sole discretion; to accept or reject any part of any proposal received; to reject any or all proposals; to present and

negotiate terms of a contract together or separately with any party submitting a bid or not; to determine qualifications exclusively and finally; to request additional qualifications; and to select any proposal or part thereof based on any combination of factors, including the amount bid, the time of completion, and Town's best interests.

Proposals submitted will be evaluated by the Mayor and the Town Council.

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

The Town of Prospect 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 the contract between the Town of Prospect and the firm selected.

It is anticipated that the selection of a firm will be completed no later than June 17, 2020. Following the notification of the selected firm, it is expected that an engagement letter will be executed by June 23, 2020.

B. Term of Engagement

Contract Period

The agreement shall be for a three-year period and shall become effective immediately upon execution by all parties with implementation of all specified services to take place for the audit of fiscal year ending June 30, 2020. The contract entered into between the Town and the firm shall extend for a term through and including the audit for the fiscal year ending June 30, 2022. The agreement may be extended at the discretion of the Town Council.

Compensation

Compensation for services shall be a fixed price for each year of the three-year term of the agreement. The fixed fee shall include a minimum number of hours to be allocated to the partner-in-charge, supervising manager, and field staff. Upon request, the firm will provide the Town with a statement of chargeable hours to substantiate billings. Any annual optional extensions shall be performed at prices to be negotiated before the option is exercised.

Termination of Contract

Following implementation, should the Mayor and or the Town Council find that the firm has failed in any material respect to perform its obligations under the agreement, the Town Council may cancel the agreement. The firm shall be liable for damages from such breach including reasonably foreseeable incidental and consequential damages. Should the Town find that the provision of auditing services under the terms of the agreement precludes the Town from administering its duties in an effective and efficient manner, the Town Council may cancel the agreement upon 180 days' written notice to the firm. In such event, the Town shall compensate the firm at the pro rata hourly rate for services performed through the effective date of the cancellation which shall be in full and complete satisfaction of the firm's claims. The firm shall promptly return all work papers and work in progress to the Town. The firm shall provide the Town at least 180 days' prior written notice of its intent to terminate any agreement.

C. Background Information

The Town operates under a Mayor/Town Meeting form of government. A Code of Ordinances governs the operation of the Town. In addition, certain Town and Board of Education transactions are governed by the State of Connecticut General Statutes (CGS).

The Town of Prospect serves an area of 14.5 square miles with a population of approximately 9,548. The Town of Prospect's fiscal year begins on July 1st and ends on June 30th.

The Town of Prospect provides the following services to its citizens:

Parks and Recreation, Animal Control, Street Lights, Road Repair, Snow Removal, Transfer Station, Recycling Services, Education and General Government Services.

More detailed information on the government and its finances can be found on the Town of Prospect's website at: www.townofprospect.org.

II. NATURE OF SERVICES REQUIRED

A. General

The Town of Prospect is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2020, 2021, and 2022 with an option to extend at the discretion of the Town Council. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Qualifying Requirements

Qualified Firm

Firms submitting proposals must be qualified to perform independent audits of municipalities of the State of Connecticut. The firm must have been engaged during the fiscal year ending June 30, 2020, as independent auditors for the purpose of rendering an opinion on the annual financial statements of a Connecticut municipality with a population of at least 8,000.

Location

The auditors must have an office located within the State of Connecticut, and resident staff must be able to offer the full range of auditing services required by this Request for Proposals.

Non-Discrimination

No person shall be denied or subjected to discrimination on account of any services, or activities made possible by or resulting from this agreement on the grounds of sex, race, color, creed, national origin, age (except minimum age and retirement provision), marital status or the presence of any sensory, mental or physical handicap. Any violation of this provision shall be considered a violation of a material provision of this agreement and shall be grounds for cancellation, termination or suspension in whole or in part of the agreement by the Town of Prospect and may result in ineligibility for further Town of Prospect contracts. The proposer shall at all times in the proposal and contract process comply with all applicable Town of Prospect, state, and federal anti-discrimination laws, rules, regulations and requirements thereof.

Reports

Each proposer shall submit copies of at least two (2) Comprehensive Annual Financial Reports, (CAFR), issued by Connecticut municipalities in which their opinion is contained. At least one of these reports shall have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting within the past three years.

Other

Supervisory members of the audit team, including the "in charge" field auditor, should be Certified Public Accountants and have a minimum of three (3) years of municipal audit experience in the State of Connecticut.

The selection personnel intend to strongly consider municipal audit experience and certification in evaluating the proposer's audit team. It is the Town's desire to maintain a consistently qualified team during the term of the engagement.

The proposer shall provide a list of current Connecticut municipal clients and the Connecticut clients lost and gained during calendar year 2019.

C. Scope of Work to be Performed

The Town of Prospect desires the auditor to express an opinion on the fair presentation of its financial statements and schedules. 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 Accountants, the standards for financial audits set forth in the U.S. Comptroller General's Government Auditing Standards, the provisions of the Single Audit Act of 1984, as amended in 1996, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-profit Organizations, and in conjunction and conformity with the Connecticut Single Audit Act.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue, as required by generally accepted auditing standards, and Government Auditing Standards, OMB Circular a-133, and the Connecticut Single Audit Act, including, but not limited to, the following:

- A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- A report on compliance and on internal control over financial reporting based on an audit performed in accordance with Government Auditing Standards.
- A report on the Schedule of Expenditures of Federal Financial Assistance.
- A report on compliance and internal control over compliance that could have a direct and material effect on each major federal award program.
- A report on the Schedule of Expenditures of State Financial Assistance.
- A report on compliance and internal control over compliance that could have a direct and material effect on each major state program.

The auditor shall communicate in a letter to the Town Council any findings regarding significant deficiencies, material weaknesses or reportable and material noncompliance found during the audit. Such findings shall have the same definition as defined under Government Auditing Standards.

A separate report shall be provided directly to the Town Council including, but not limited to, the following:

- A report on compliance and on internal control over financial reporting based on an audit performed in accordance with Government Auditing Standards.
- A report on the Schedule of Expenditures of Federal Financial Assistance.
- A report on compliance and internal control over compliance that could have a direct and material effect on each federal award program and assessment of control risk.
- A report on the Schedule of Expenditures of State Financial Assistance.
- A report on compliance and internal control over compliance that could have a direct and material effect on each major state program

The auditor shall communicate in a letter to the Town Council any findings regarding significant deficiencies, material weaknesses or reportable and material noncompliance found during the audit. Such findings shall have the same definition as defined under Government Auditing Standards.

At the request of the Mayor or the Town Council, the auditor may be requested to provide additional reports specific to the needs of the Town of Prospect. Any additional requests for reports not included in this RFP will be submitted as an addendum to the auditing firm for acceptance and approval and may incur additional costs to the Town of Prospect to compensate the auditing firm for such requested reports.

E. 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 five (5) years, unless the firm is notified in writing by the Town of Prospect of the need to extend the retention period. The auditor will be required to make working papers available, upon request by the Town of Prospect, in accordance with the requirements of Government Auditing Standards and requirements of the Federal and State Single Audit Act. The auditor is required to provide access to the working papers and photocopies thereof to a federal or state agency or the Comptroller General of the United States upon their request for their regulatory oversight purposes. If such a request is made, the auditor will inform the **Mayor and Town Council** prior to providing such access.

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.

F. Other Audit Services

Periodically, the Town of Prospect may request to have separate audits performed. The auditor will be expected to perform these audits and any other audit services requested by the Town of Prospect outside of the standard audit at the hourly rate stated in Appendix A.

G. Implied Requirements

All services not specifically mentioned in this request for proposals that are necessary to provide the functional capabilities described by the auditor shall be included in the Scope of Services.

The auditor shall provide the Town of Prospect both a detailed audit plan and a list of all schedules to be prepared by the Town of Prospect.

The final report and 10 signed copies and an electronic copy shall be delivered to:

Town of Prospect
Attn: Robert Chatfield, Mayor
36 Center Street
Prospect, CT 06712

III. PROPOSAL REQUIREMENTS

A. General Requirements

Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made in writing, email, telephone to:

Town of Prospect
Robert Chatfield, Mayor
36 Center Street
Prospect, CT 06712
rchatfield@townofprospect.org
(203)758-4461

Submission of Proposals

For a proposing firm to be considered:

The following material is required to be received by 1:00 PM, May 18, 2020

Submission packages are to be sent or delivered to:

**Town of Prospect
Attn: Robert Chatfield, Mayor
36 Center Street
Prospect, CT 06712**

1. The Proposal and ten copies are to include the following:
 - a. Title page showing the request for proposal's subject, the firm's name, the name, address and telephone number of a contact person, and the date of the proposal.
 - b. Table of Contents
 - c. Transmittal letter
2. 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 regarding why the firm believes itself to be best qualified to perform the services, the engagement and a statement that the proposal is a firm and irrevocable offer for the period covered.
3. Detailed Proposal
The detailed proposal should follow the order set forth in Section VI B of this request for proposals.
4. Guarantees and Warranties
5. Executed copies of Proposer Guarantees and Proposer Warranties attached to this request for proposals (Appendix B).
6. Insurance Schedule (Appendix C)
7. Audit Services Proposal Letter (Appendix D).

Dollar Cost Proposal The proposer shall submit an original and ten (10) copies of a dollar cost proposal attached to this request for proposals (Appendix A).

Separate Envelopes Proposers should send the completed proposal consisting of the **two (2) separate envelopes, clearly marked as:**

Envelope #1: Audit Technical Proposal

Envelope #2: Audit Sealed Dollar Cost Proposal (Appendix A)

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 Town of Prospect in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their 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 request for proposals requirements.

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

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

2. Independence

The firm should provide an affirmative statement that it is independent of the Town of Prospect as defined by generally accepted accounting standards and the U.S. Comptroller General's *Government Auditing Standards*.

The firm should also list and describe the firm's professional relationships involving the Town of Prospect or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the Town of Prospect written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Connecticut

An affirmative statement should be included indicating that the firm and all key professional staff are properly qualified to practice in the State of Connecticut.

4. Firm Qualifications and Experience

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

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the last 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.

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

5. Partner, Supervisory and Staff Qualifications and Experience

The firm should 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 such person is licensed to practice as a certified public accountant in Connecticut. Provide information on the government auditing experience of each person, including information on 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 the staff over the term of the agreement will be assured.

The proposer should identify the extent to which its staff reflects the Town of Prospect's commitment to Affirmative Action.

Engagement partners, managers, other supervisory staff and specialists 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 Town of Prospect.

Replacement personnel must have the same or greater level of municipal audit experience as the originally proposed staff or the Town of Prospect will be entitled to a 10% reduction in fees. In any case, the Town of Prospect retains the right to approve or reject replacements.

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

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience or the Town of Prospect will be entitled to a 10% reduction in fees.

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. 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 IV of this request for proposals. In developing the work plan, reference should be made to such sources of information as the Town of Prospect's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

Proposers will be required to provide the following information on their 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.
- c) Sample size and the extent to which statistical sampling is to be used in the engagement.
- d) Extent of use of EDP software in the engagement.
- e) Type and extent of analytical procedures to be used in the engagement.
- f) Approach to be taken to gain and document an understanding of the Town of Prospect's internal control structure.
- g) Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h) Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. Identification of Anticipated Potential Audit Problems

The 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 Town of Prospect.

9. Report Format

The proposal should include sample formats for required reports.

NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.

C. Sealed Dollar Cost Proposal

1. Total All-Inclusive Maximum Price

The dollar cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals, including the cost that would be charged to create the Government-wide Statements using the information provided. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The Town of Prospect will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost proposal. Such costs should not be included in the proposal.

2. Fixed Fees by Category

The dollar cost proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix A), that supports the total all-inclusive price.

3. Rates for Additional Professional Services

If it should become necessary for the Town of Prospect to request the auditor to render any additional services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Town of Prospect and the firm. Any such additional work agreed to between the Town of Prospect and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost proposal in Appendix A.

4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost proposal. Interim billings shall cover a period of not less than a calendar month. The Town reserves the right to withhold ten percent (10%) from each billing pending delivery of the firm's final reports.

IV. EVALUATION PROCEDURES

Evaluation Criteria

The following represent the principal selection criteria which will be considered during the evaluation process of proposals.

A. Mandatory Elements

1. The audit firm is independent and licensed to practice in Connecticut.
2. The audit firm's professional personnel have received adequate continuing professional education within the preceding three years.
3. The firm has no conflict of interest with regard to any other work performed by the firm for the Town of Prospect.
4. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
5. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
6. The firm submits copies of at least two Comprehensive Annual Financial Reports issued by Connecticut municipalities in which their opinion is contained. At least one of these reports shall have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting within the past three years.

B. Technical Qualifications

1. Expertise and Experience
 - The firm's past experience and performance on comparable government engagements.
 - The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
 - Experience with the preparation of federal and state financial assistance and related reports.
 - Experience in providing assistance to meet the requirements of the Certificate of Achievement for Excellence in Financial Reporting program.

C. Audit Approach

- Describe how the firm intends to conduct the audit in the first year
- Describe how the firm will conduct the audit in subsequent years, specifically the ways the audit process may differ from the first year of engagement.

D. Service Delivery Plan

- Describe the service delivery system including what will be done, by whom, how and where. Provide detail on staffing requirements.
- Describe how the services will be coordinated and monitored

- Describe the manner in which the Town will be assured of open communication and access to the auditors, i.e., through entrance conferences, progress reporting, interim queries and exit conferences.

E. Cost will not be the primary factor in the selection of an audit firm.

F. Oral Presentations

During the evaluation process, the selection personnel may, at their discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the selection personnel may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

G. Final Selection

The selection personnel will recommend a firm for approval by the Town Council. It is anticipated that a firm will be selected by June 17, 2020. Following notification of the firm selected, it is expected a contract will be executed between both parties by June 23, 2020.

H. Right to Reject Proposals

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 the contract between the Town of Prospect and the firm selected.

The Town of Prospect reserves the right, without prejudice, to reject any or all proposals or parts thereof for any reason, to negotiate changes to proposal terms and to waive minor inconsistencies with the request for proposal.

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

A. Finance Department and Clerical Assistance

The Mayor's Office staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations.

B. Statements and Schedules to be prepared by the staff of the Town of Prospect

The auditor's principal contact with the Town of Prospect will be Robert Chatfield, Mayor, as the designated representative, who will coordinate the assistance to be provided by the Town of Prospect to the auditor. In addition to any other information requested by the auditors or their representatives, the staff of the Town of Prospect will prepare the following statements and schedules for the auditor as follows

1. Adjusted trial balance and support for all funds
2. Detailed schedules of revenues and expenditures, expenses, accounts payable and receivable and encumbrances.
3. Bank reconciliations for all town accounts
4. Individual fund statements for all funds
5. Bank reconciliation of all funds
6. Investment activity schedules
7. Payroll accruals
8. Payroll records
9. Budget to GAAP reconciliation
10. Schedule of state and federal assistance
11. Tax collection schedules
12. Debt schedules
13. Schedules of pension activity
14. Schedule of compensated absences
15. Standard representation letters
16. Documentation for Notes as required
17. Analysis of accounts as requested

The above list is illustrative but not inclusive of schedules to be prepared by the Town of Prospect. The auditing firm is encouraged to request additional information necessary to perform a thorough and complete audit. As requested by the auditing firm, the Town of Prospect will provide, to the best of its ability, any and all other additional information, requests and documentation.

C. Work Space

The Town of Prospect will provide the auditor with work space in close proximity to the financial records. Telephones and use of copy and facsimile machines will be made available as well as internet access during the engagement. The auditor will be required to provide its' own equipment and other office materials.

D. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

APPENDIX A

PROPOSAL FOR AUDITING SERVICES

Name of firm _____

Location of office staffing the audit
Professional audit staff assigned to
Prospect (Number) _____

Certified professional audit staff assigned
to Prospect (Number) _____

Connecticut municipal audit clients:
List fiscal year 2020 engagements for
municipalities with population of
8,000 or higher.

1. _____
2. _____
3. _____

.....
Audit Fees for Year 1

Town general audit \$ _____

Government-wide statements (Statements of Net Assets and Activities) \$ _____

Hourly rate in excess of fixed fee allowance or for audit services outside the scope of the annual audit \$ _____

Hours provided for in above stated fees:

Partner-in-charge and review partner _____

Supervising Manager _____

Audit Staff _____

.....

APPENDIX A (continued)

Audit Fees for Year 2

Town general audit \$ _____

Government-wide statements (Statements of Net Assets and Activities) \$ _____

Hourly rate in excess of fixed fee allowance or for audit services outside the scope of the annual audit \$ _____

Hours provided for in above stated fees: _____

Partner-in-charge and review partner _____

Supervising Manager _____

Audit Staff _____

.....

Audit Fees for Year 3

Town general audit \$ _____

TOWN OF PROSPECT REQUEST FOR PROPOSALS FOR AUDITING SERVICES

Government-wide statements (Statements of Net Assets and Activities) \$ _____

Hourly rate in excess of fixed fee allowance or for audit services outside the scope of the annual audit \$ _____

Hours provided for in above stated fees:

Partner-in-charge and review partner _____

Supervising Manager _____

Audit Staff _____

.....

(Firm)

(Authorized Signature) (Title)

(Telephone) (Date)

APPENDIX B

PROPOSER GUARANTEES AND PROPOSER WARRANTIES

Proposer Guarantees

1. The Proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II, Nature of Services Required.

Proposer Warranties

1. Proposer warrants that it is willing and able to comply with State of Connecticut laws with respect to foreign (non-state of Connecticut) corporations.

2. 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.

3. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Town of Prospect.

4. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

APPENDIX C

Insurance Exhibit - Financial Auditing Service

The Auditor (hereinafter called the Contractor) shall procure insurance coverage against claims that may arise from, or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors. The Contractor shall keep all the required insurance in force continuously pursuant to their responsibility described in this contract, including any and all extensions. The Contractor shall pay all costs, premiums, and audit charges earned and payable under the required insurance.

For the purpose of this exhibit: the term "Contractor" shall also include their respective agents, representatives, employees or subcontractors; and the term "Town of Prospect" (hereinafter called the "Town") shall include their respective officers, agents, officials, employees, volunteers, boards and commissions.

A. **Minimum Scope and Limits of Insurance**

The insurance required shall be written for not less than the scope and limits of insurance specified in this exhibit, or required by applicable federal, state and/or municipal law, regulation or requirement, whichever coverage is greater. It is agreed that the scope and limits of insurance coverage specified in this exhibit are minimum requirements and shall in no way limit or exclude the Town from additional limits and coverage provided under the Contractor's policies.

1) Commercial General Liability:

\$1,000,000 combined single limit per occurrence for bodily injury, personal injury, property damage, contractual liability and products /completed operations.

2) Automobile Liability and Physical Damage Coverage:

\$500,000 combined single limit per occurrence for any auto, including statutory uninsured/underinsured motorists' coverage and \$1,000 medical payments. Policy to include collision and comprehensive coverage for any auto used for the purpose of this contract.

3) Workers' Compensation:

Coverage A: Workers' Compensation: statutory limits as required by the Labor Code of the State of Connecticut.

Coverage B: Employer's Liability: limits of \$100,000 each accident, \$500,000 disease/policy limit, \$100,000 disease/each employee. If the Contractor decides not to procure workers' compensation in accordance with Connecticut law, the Contractor agrees to comply with the Connecticut Workers' Compensation Act's (Act) requirements for withdrawing from the provisions of the Act, including, but not limited to, filing the appropriate notice of withdrawal with the commissioner. The Contractor is wholly responsible for taking the actions necessary to withdraw from the provisions of the Act. In lieu of procuring workers' compensation insurance and providing the Town with proof thereof, the Contractor agrees to hold the Town of Prospect, their respective boards and commissions, officers, agents, officials, employees, servants, volunteers, contractors and representatives harmless from any and all suits, claims and actions arising from personal injuries sustained by the Contractor or Contractor's employees during the course of the performance of this contract, however caused.

4) Crime & Fidelity:

Coverage

A - \$1,000,000 Employee Theft Coverage

B - \$1,000,000 Forgery & Alteration Coverage

C - \$1,000,000 Theft of Monies & Securities Coverage

D - \$1,000,000 Robbery & Safe Burglary

The Contractor shall provide that the bonding company name the Town of Prospect as Joint Loss Payee for purposes of this Contract.

5) Professional Liability:

\$1,000,000 per occurrence, \$2,000,000 aggregate each claim.

6) Personal Property:

"All risk" insurance on a replacement cost basis to cover the value of personal property belonging to the Contractor and others (including but not limited to the personal property of subcontractors) located on Town

property while in use or in storage for the duration of the contract. Deductible not to exceed \$1,000. The Contractor agrees that the Town will not assume any responsibility for the Contractor's personal property.

B. Additional Insured Endorsement

All liability policies, with the exception of Worker's Compensation and Professional Liability, shall have the Town of Prospect, and their respective officers, agents, officials, employees, volunteers, boards and commissions endorsed as an Additional Insured with respect to liability arising out of or in connection with the activities performed by or on behalf of the Contractor; products and completed operations of the Contractor; premises owned, leased, or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the Town.

C. Acceptability of Insurers

Contractor's policies shall be written by insurance companies licensed to do business in the State of Connecticut, with a Best's rating of no less than A:VII, or otherwise deemed acceptable by the Town's Administrative Officer.

D. Subcontractors

Contractor shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the requirements stated herein.

E. Waiver of Subrogation

Contractor shall provide that all insurance policies include a waiver of subrogation clause that states that it is agreed that in no event shall the insurance company have any right of recovery against the Town. When the Contractor is self-insured, it is agreed that in no event shall the Contractor have any right of recovery against the Town.

F. Claims-Made Form

If the insurance coverage is underwritten on a claims-made basis, the retroactive date shall be prior to or coincident with the date of the contract. The certificate of insurance shall state the retroactive date and that the coverage is claims-made. The Contractor shall maintain coverage for the duration of the contract and for the two (2) years following the completion of the contract. Evidence of such coverage shall be provided to the Town thirty (30) days prior to each policy expiration.

G. Aggregate Limits

If a general aggregate is used, the general aggregate limit shall apply separately to the project or shall be twice the occurrence limit. All aggregate limits must be declared to the Town. It is agreed that the Contractor shall notify the Town with reasonable promptness with information concerning the erosion of limits due to claims paid under the general aggregate during the contract term. If the aggregate limit is eroded, the Contractor agrees to reinstate or purchase additional limits to meet the minimum limit requirements stated herein. The Contractor shall pay the premium.

H. Deductibles and Self-Insured Retentions

Contractor must declare any deductibles or self-insured retentions to the Town. All deductibles or self-insured retentions are the sole responsibility of the Contractor to pay and/or to indemnify.

I. Notice of Cancellation or Nonrenewal

For other than non-payment of premium, each insurance policy required by this exhibit shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the Town. Ten (10) days prior written notice shall be given for non-payment of premium.

J. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1) Liability Coverage

- a) The Contractor's insurance coverage shall be primary insurance with respect to the Town. Any insurance or self-insurance maintained by the Town shall be in excess of the Contractor's insurance and shall not contribute with it.
- b) Coverage shall state that the Contractor's insurance shall apply separately to each insured against whom a claim is made or suit is brought.
- c) Any failure to comply with the claim reporting provisions of the policy shall not affect coverage provided to the Town.

K. Verification of Coverage

The Contractor shall provide the Town with certificates of insurance, declaration pages, policy endorsements or provisions confirming compliance with this exhibit before work commences. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. Renewal of expiring certificates shall be filed thirty (30) days prior to expiration. The Town reserves the right to require complete, certified copies of all required policies, at any time.

All insurance documents required by this exhibit should be mailed to:

Town of Prospect
Attn.: Robert Chatfield, Mayor's
36 Center Street
Prospect, CT 06712

L. Failure to Purchase or Maintain Insurance

If the Town or the Contractor is damaged by failure of the Contractor to purchase or maintain insurance required by this exhibit, the Contractor shall bear all reasonable costs including, but not limited to, attorney's fees and costs of litigation, properly attributable thereto.

Initials/ Contractor

Date

Initials/ Town of Prospect

Date

APPENDIX D

Robert Chatfield, Mayor
Town of Prospect
36 Center Street
Prospect, CT 06712

Dear Mayor Chatfield,

We have read the Request for Proposals and fully understand its intent and contents. We certify that we have adequate personnel, insurance, equipment and facilities to fulfill the specified requirements. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the selection personnel.

We have attached the following:

1. Audited CAFR reports for two (2) clients as outlined in Section II, B.
2. Proposal as outlined in Section III
3. Appendix A: Proposal for Auditing Services (separate envelope).
4. Appendix B: Proposer Guarantees and Warranties Insurance
5. Appendix C: Insurance Statement.

It is further understood and agreed that all information included in, attached to, or required by the Request for Proposals shall be public record upon delivery to the Town of Prospect.

Submitted by:

(Firm)

(Authorized Signature)

(Title)

(Telephone and email)

(Date)