

**TOWN OF HAMPTON FALLS
RFP NO. 2023:05
REQUEST FOR PROPOSALS FOR
ANNUAL AUDIT SERVICES**

Issued: August 15, 2023

Hampton Falls Town Office
1 Drinkwater Road
Hampton Falls, NH 03844

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REQUEST FOR PROPOSALS
FOR ANNUAL AUDIT SERVICES

The Town of Hampton Falls invites qualified independent public accountants to submit proposals for the performance of an audit of its financial accounts and records for a period of three years beginning January 1, 2023, through December 31, 2026, for the purpose of rendering an auditor's opinion regarding the fairness of applicable legal provisions in accordance with generally accepted auditing standards. These audits are to be performed in accordance with the provisions contained in this request for proposals.

GENERAL INFORMATION

The Town of Hampton Falls is a local government of the State of New Hampshire. The Town serves an area of 13 square miles with a population of approximately 2,100. A Town Administrator and a three-member Board of Selectmen govern the Town of Hampton Falls.

The Town's fiscal year runs from January 1 to December 31, with a budgetary appropriation of \$3.2 million for 2023, one Note Payable, and a current work force of 10 full-time employees and 9 part time employees (excluding seasonal and volunteer EMT/firefighters). The Town writes approximately 1,360 Accounts Payable checks and 500 payroll checks/direct deposit per year.

The Town uses MTS Software (beginning 2023) for fund accounting and payroll and Avitar Tax Software for Motor Vehicles and Tax Collection.

The most recent audit (GASB 34 compliant) of the Town of Hampton Falls was performed in 2023 for the period of January 1, 2022, to December 31, 2022. A separate actuarial report is completed for OPEB on a bi-annual basis. A copy of the auditor's report for 2022 will be available for inspection. To assist you in the preparation of your proposal, a copy of the Town of Hampton Falls's Annual Report is posted on the town's website. www.hamptonfalls.org.

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

PERFORMANCE SPECIFICATIONS

Indicate in your proposal if you agree to meet or exceed the following performance specifications. Explain any exceptions you have regarding them.

1. The auditor shall conduct the examination in accordance with generally accepted government auditing standards (GAGAS) and procedures applicable to governmental units, as prescribed in the following documents:
 - AICPA, Statements on Auditing Standards and Audits of State and Local Government Units;
 - General Accounting Office, Standards for Audit of Governmental Organizations, Programs, Activities and Functions;
 - Governmental Accounting, Auditing, and Financial Reporting (GAAFR);
 - Governmental Generally Accepted Accounting Principles (GAAP);
 - Governmental Accounting Standards Board Series (GASB); and
2. The audit shall be a financial and compliance review of the following accounts. The following list is not all-inclusive.
 - a) Major Governmental Funds:
 - General Fund
 - b) Non-Major Governmental Funds
 1. Ambulance Special Revenue Fund
 2. Recreation Revolving Fund
 3. Town Trusts
 4. Library Repair Expendable Trust Fund
 5. Capital Reserves for Town Buildings, Police Vehicles, Conservation Land, Road Improvement Capital Reserve
 - Permanent Funds
 1. Library Trust Funds
 2. Cemetery Trust Funds
 - c) Agency Funds
 - Escrow Accounts
 - Performance Bonds

3. The contract shall cover a three-year period from January 1, 2023, through December 31, 2026. At the discretion of the Board of Selectmen, the contract may be extended for another year.
4. It is anticipated that the preliminary audit work for 2023 may commence in December, 2022. The annual audit shall take place no earlier than February 1st of each year. The auditor shall submit a preliminary draft report of the financial statements and supplemental schedules no later than June 15th. The auditor's final report must be submitted no later than August 1st.
5. The Town staff shall render all feasible assistance to the auditor and shall respond to requests within reason for information; provide all necessary books and records; provide any account analysis worksheets, computer report (s) on all activity on requested accounts, and a draft of the preliminary financial statements; and provide physical facilities required by the auditors for the expeditious conduct of this engagement.
6. The auditor shall review the system of internal control and of compliance with budgetary legal requirements by the Town and provide recommendations in the form of a management letter. The auditor shall communicate any reportable condition 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 Town's ability to record, process, report and summarize financial data. Said letter shall include written responses by governmental officials to the auditor's observations.
7. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to the Town Administrator, which shall be referred to in the management letter.
8. Auditors shall be required to make an immediate written report of irregularities and illegal acts of which they become aware.
9. If required, the auditor shall perform the audit and prepare all reports pertaining to the Single Audit Act Amendments of 1996 and OMB Circular A-133. The auditor is not required to audit the schedule of federal financial assistance. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.
10. The Town of Hampton Falls is in compliance with GASB 75. The actuarial report will be sent to the audit firm.
11. The auditor shall complete the state required MS-5 report for submission to the New Hampshire Department of Revenue Administration-Municipal Services Division no later than August 1st.
12. The working papers shall be retained for at least three (3) years and shall be available for examination by the following parties upon written request from the Town of Hampton Falls:

- a) Authorized representatives of the Town of Hampton Falls, including but not limited to the Town Administrator, and the Board of Selectmen.
 - b) Parties designated by federal or state governments or by the Town of Hampton Falls as part of an audit quality review process.
 - c) Auditors or entities of which the Town of Hampton Falls is a sub-recipient of grant funds.
 - d) 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.
13. The auditor shall provide the Town Administrator with the basic governmental fund financial statements and other supplemental schedules that were used to convert to the government-wide financial statements.
14. The auditor shall provide eight (8) original paper copies of the financial statements and supplemental schedules and six (6) copies of the reportable conditions report and the management letter. The auditor shall provide one copy of the original audit and reports in media format.
15. The representative of the firm who is in charge of the audit shall agree to attend one meeting with the Board of Selectmen, at which the audit report will be discussed.
16. Should the auditor encounter circumstances requiring an increase in the scope of the audit, or in extent of detailed investigation, written notice to that effect will be given to the Board of Selectmen, and this contract will be modified by mutual agreement as to the additional work and compensation.

INSTRUCTIONS REGARDING PROPOSALS

One copy of your sealed proposal will be accepted by the Town Administrator, Karen Anderson, 1 Drinkwater Road, Hampton Falls, NH 03844 until **4:00 PM, Thursday, September 14, 2023**. Proposals shall be submitted in a sealed envelope, clearly marked

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and may be mailed or delivered to the Town Office. Proposals must include:

1. Qualifications of the Firm
 - a) A description of your firm and its relevant prior experience.
 - b) List references pertaining to the audit of government agencies and/or municipalities.

- c) A description of the partner (s) and manager (s) to be assigned to this engagement, including their resumes.
- d) A list of the audit personnel. The Town requires continuity of audit personnel throughout the audit.
- e) An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in New Hampshire.

2. Technical Approach

- a) A tentative schedule for performing the key phases of the audit.
- b) A brief description of the audit procedures to be followed, presented in a form which shall best aid the Town in evaluating your firm's ability to identify, evaluate, and communicate on local government financial problems.

3. Fees

Contract fee that your firm will charge the Town of Hampton Falls for the audit stated with the exception of the Single Audit Act and any additional fees for each level of staff if the Town of Hampton Falls authorizes your firm to expand the scope of the engagement for each of the three years of the contract. The total all-inclusive maximum price is to contain all direct and indirect costs including out-of-pocket expenses.

Out-of-pocket expenses for your firm's personnel (e.g. travel, lodging, and subsistence) shall be the responsibility of your firm.

4. Manner of Payment

Progress payments will be made on the basis of work completed during the course of the engagement. Ten (10) percent may be withheld from each billing pending delivery of the firm's final reports.

5. Insurance Requirements

The firm awarded the contract shall maintain, at their own expense, during the life of the contract, insurance against professional liability in the amount of \$1,000,000. The firm shall also maintain at their own expense, during the life of the contract, the statutory Workers Compensation and Employer's Liability Insurance for all its employees engaged in work for this contract.

EVALUATION PROCEDURES

The Town shall evaluate the proposals on the basis of the qualifications, relevant expertise and experience, the audit approach, and responsiveness of the proposals, as well as the maximum fee for the engagement.

The Town reserves the right to negotiate with the individual firms and to request additional information. The Town reserves the right without prejudice to reject any and all proposals submitted.

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 Hampton Falls and the firm selected.

AWARD OF CONTRACT

The Board of Selectmen will select a firm based on the evaluation process. It is anticipated that a firm will be selected on **Wednesday, September 27, 2023**.

FURTHER INFORMATION

The financial records for the Town of Hampton Falls will be available for inspection on an appointment basis. All inquiries regarding the RFP and all requests for appointments will be directed to Karen Anderson, Town Administrator, Town Administrator, at (603) 926-4618, by email townadministrator@hamptonfalls.org

cc: Board of Selectmen