

# CITY OF TUSCALOOSA, ALABAMA



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## **REQUEST FOR QUALIFICATIONS FOR PROFESSIONAL SERVICES AUDIT SERVICES**

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OCA File Number: OCA-23-0737

Issued by:

Accounting & Finance  
City of Tuscaloosa  
2201 University Boulevard  
Tuscaloosa, Alabama 35401

Date Issued: July 10, 2023  
Deadline for Proposals: July 31, 2023

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## **PART 1 – OVERVIEW**

The City of Tuscaloosa is requesting qualifications from certified public accounting firms for Auditing and Related Services for Annual Comprehensive Financial Report and Single Audit Services.

The City's most recent Annual Comprehensive Financial Report (ACFR) can be reviewed on the City's website: [www.tuscaloosa.com](http://www.tuscaloosa.com) . The City participates in the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting award program and its intention is to submit each year's ACFR to this GFOA program for review.

In addition to the standard financial and compliance audit, the City requires the conduct of a Single Audit of its federal grants in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and/or Uniform Guidance, and any other applicable federal regulations. The City as a federally designated CDBG Entitlement City is the recipient of Community Development Block Grant funds and various other grants which are included in the Special Revenue Funds.

This is a procurement of professional services and will be conducted in a manner to provide full and open competition. A selection committee made up of City of Tuscaloosa staff will review all proposals and certain firms may be selected to give presentations to the selection committee at the Firm's expense. City staff will recommend the selection of a firm to the Tuscaloosa City Council Finance Committee based on criteria identified in Part 5 of this RFQ document.

The Tuscaloosa City Council Finance Committee may choose to ask firms to make presentations and the Finance Committee will vote on the selection of a firm and refer this matter to the full Tuscaloosa City Council for authorization to negotiate a scope and fee with their selected firm. City staff will enter into negotiations with the selected Respondent firm. Pending successful negotiations, the full Tuscaloosa City Council will authorize the Mayor to sign a contract with the selected firm for Auditing and Related Services for Annual Comprehensive Financial Report and Single Audit Services with the City.

## **PART 2 – THE PROJECT AND SCOPE OF WORK**

The City of Tuscaloosa seeks the services of a certified public accounting firm that has the qualifications, licensing, knowledge, experience, and expertise to perform the following types of professional services upon request from the City:

### **A. Audits**

1. Audits performed by the selected firm in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and generally accepted government auditing standards as established by Government Auditing Standards issued by the Comptroller General of the United States.
2. Deliver an opinion on the fair presentation of general-purpose financial statements in conformity with generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board.
3. Prepare the supplementary information required by the Government Accounting Standards Board's generally accepted accounting principles and applicable grant agreements.
4. Provide documentation of all audit adjustments including appropriate back-up documentation and meet with City staff, if requested; to discuss all proposed audit adjustments. No audit adjustments shall be reflected in the audited financial statements unless approved by the Chief Financial Officer as appropriate.

### **B. Irregularities and Illegal Acts**

1. If the circumstances arise, make an immediate, written report to the Chief Financial Officer, or Finance Committee, as appropriate, of all irregularities and illegal acts or indications of illegal acts of which they become aware during the course of the audit.

### **C. Internal Control Communications**

1. Upon completion of the selected firm's documentation and review of the internal controls, the firm, as auditor, shall meet with the Chief Financial Officer, Mayor, and City Attorney to report on the result of the internal control review, clearly identifying any weakness noted, whether or not the auditor considers them to be significant deficiencies or material weaknesses.
2. Provide a written memorandum summarizing these meetings to the Chief Financial Officer, Mayor and City Attorney within ten working days after this meeting referenced above. The auditor shall report, in writing, to the Chief Financial Officer, Mayor and City Attorney any other internal control weaknesses noted at any other points in the audit process. Such reports shall be provided within ten working days of the date on which such internal control weakness was discovered by the auditor.

### **D. Reports to be Issued**

1. In conformity with Generally Accepted Accounting Principles (GAAP), the selected firm, as auditor, shall issue a report on the fair presentation of the financial statements and shall prepare the following reports at the completion of the audit.
2. Deliver all financial statements and prepare notes to the financial statements required for the Annual Comprehensive Financial Report of the primary government and the budget to actual

schedules subject to City Staff review. Prepare conversion from the fund financial statements to the government-wide financial statements.

3. Deliver Single Audit report on the financial statements, internal controls and compliance in accordance with Government Auditing Standards and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and/or Uniform Guidance, and any other applicable federal regulations for compliance with the Single Audit Act, as may be required.

4. Deliver a management report containing comments and recommendations regarding the City's system of internal controls; that is, its methods of safeguarding its assets, insuring the accuracy of its financial information, promoting efficiency, and adhering to municipal policies. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be reviewed by the Chief Financial Officer before the management report is finalized and published by the auditor.

\*The City will compile the letter of transmittal, the management's discussion and analysis and the statistical tables.

#### E. Working Paper Retention and Access to Working Papers

1. At the Auditor's expense, the auditor will retain all working papers and reports for a minimum of five (5) years. If the firm is notified in writing by the City of Tuscaloosa of the need to extend the retention period, the auditor may be required to extend the work paper retention period an additional three to five (3-5) years.

2. The auditor will be required to make any and all working papers available, upon request to the City. The City of Tuscaloosa shall be authorized to make photocopies of any and all work papers.

3. The selected 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.

4. The selected firm shall agree that the named principal and other key personnel responsible for the program services will not be removed from the account by the Broker without prior notification to the City. Replacements of key personnel are subject to approval by the City.

#### F. General Matters

1. The selected firm shall comply with all applicable state, local, and federal regulations related to the services provided to the City.

2. The City reserves the right, subject to negotiation and agreement, in writing, with the selected firm, to either expand or limit the scope of services as needed.

## **PART 3 – CONTENT OF RESPONSE TO THIS REQUEST FOR QUALIFICATIONS**

In order to facilitate the Selection Committee's evaluation, each Respondent firm responding to this request for qualifications should include the following content, in the following order:

- Independence
- Experience
- Licensing and Professional Standing
- Conflicts of Interest

### **3.1 Independence**

a. The firm should provide an affirmative statement that it is independent of the City of Tuscaloosa, Alabama, including the Accounting and Finance Department Staff, as defined by generally accepted auditing standards.

### **3.2 Experience**

a. Please provide brief overall narrative about the firm's size, the size of the firm's governmental audit staff (professional staff only), qualifications and experience, and history. Please indicate whether the firm is a minority or woman owned business.<sup>1</sup>

b. The firm should:

1. List the principal supervisory and management staff including engagement partners, managers, and other supervisors and staff who would be assigned to this engagement.
2. Indicate whether each such person is registered as a certified public accountant in Alabama and provide the terminal degree each person has earned.
3. Provide information on the government auditing experience of each person listed and indicate which office location from which the person will work.

c. For the firm's office location that will be assigned responsibility of the audit:

1. List the most significant engagements performed in the last ten (10) years that are similar to the engagement described in this request for proposal.

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<sup>1</sup> For a firm to be considered by the City as a minority or woman-owned firm, an applicant business must meet certain requirements that can include:

A business must be at least 51 percent minority/woman-owned, controlled and operated on a daily basis

Must have been in operation for at least one year prior to submitting a response to this RFQ

Must have a legal presence (license) to operate in Alabama

Majority owner(s) must be a legal resident of the United States by birth or naturalization

Must be socially disadvantaged (defined as those individuals who have been subjected to racial or ethnic prejudice, sexual or cultural bias because of their identity as a member of a group without regard to their individual qualities)

Must be economically disadvantaged (defined as those individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities)

Must be a member(s) of an officially designated socially disadvantaged group such as African-American, Native American or Alaskan Native, Hispanic-American, Women, Asian-Pacific American, and Asian-Indian American

2. Indicate those municipalities that achieved the GFOA Certificate of Achievement for Excellence in Financial Reporting award while your firm was engaged as their auditors and the number of years applicable.
3. Please list the scope of work, date, engagement partner, total engagement hours, and the name and telephone number of the principal client contact for each governmental auditing engagement listed.

### **3.3 Licensing and Professional Standing**

- a. Please include a brief statement confirming that the firm is legally authorized to do business in Alabama and in the City of Tuscaloosa, and that all professional staff assigned to perform services solicited in this RFQ are licensed or certified to perform such services in Alabama.
- b. Please include a statement confirming that neither the firm nor any of its agents or staff are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation by any state or federal department or agency.
- c. Finally, for the five (5) year period preceding submission of the response for this RFQ the firm shall please identify:

(1) All contracts for services terminated (in whole or in part) during the last ten (10) years to which the Respondent firm was a party- for convenience or default, by either the Respondent firm or by another party to the contract with the Respondent, including: contract value; description of work; and client names and telephone number for a representative of the client.

(2) All claims made against the Respondent arising out of the Firm's professional services during the last ten (10) years; and

(3) All litigation (including any arbitration or mediation proceedings) to which the firm or any of its principals has been a party during the last ten (10) years.<sup>2</sup> If no contracts have been terminated, or if neither the firm nor any of its principals has not been a party to any claims or litigation, please include a statement to that effect.

### **3.4 Conflicts of Interest**

- a. Please identify all actual or potential conflicts of interest that would prevent the firm from entering into a professional relationship with the City of Tuscaloosa generally, or for this project specifically. If no such conflicts exist, please include a statement to that effect.

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<sup>2</sup> The disclosure of terminated contracts, claims, or litigation will not automatically disqualify a Respondent from consideration. The Selection Committee will review any matter disclosed and make an independent determination as to whether the matter should disqualify the Respondent from consideration.

## **PART 4 – INSTRUCTIONS FOR PROPOSALS**

Before submitting a response to this RFQ, the Respondent should carefully review the entire RFQ and be familiar with its contents. The Respondent firm's submission shall be considered evidence that the Respondent has fully studied the RFQ and is familiar with the general conditions to be encountered in performing the services requested.

### **4.1 Inquiries**

The City will NOT accept marketing materials or quasi-presentations; however, any questions necessary to assist in preparing an accurate and complete proposal, will be answered via e-mail. These questions should be addressed to will accept inquiries on the contents and requirements of the RFQ in electronic form only. Inquiries may only be submitted by email. Inquiries should be submitted to:

**City Project Representative: Carly Standridge, CFO**  
**Contact Information: [cstandridge@tuscaloosa.com](mailto:cstandridge@tuscaloosa.com)**

Inquiries must be submitted at least seven (7) days before the deadline for submission of proposals. **For this RFQ, the deadline for inquiries is July 24, 2023 at 12:00 midnight CDT, after which time no further inquiries will be addressed by the City.**

If the City chooses to respond to an inquiry, the City will do so in writing, in the form of an addendum to this RFQ. The addendum will be sent to all recipients of the RFQ, and will be posted to the City's website at [www.tuscaloosa.com/bids](http://www.tuscaloosa.com/bids).

Each addendum issued by the City shall become part of this RFQ and proposals shall include any work or requirements described in the addendum. No addendum will be issued or posted less than 72 hours before the deadline for submission of responses to this RFQ.

### **4.2 Submissions**

**Respondent firm submissions must be received by the City by July 31, 2023 at 12:00 midnight CDT,** Late proposals will not be accepted or reviewed. It is the Firm's responsibility to ensure that their submission is received within the time required by this RFQ.

Respondents MUST submit proposals electronically. Electronic submissions should be made in Portable Document Format (PDF) file format, and should be sent to via email to:

**Carly Standridge, CFO**  
**[cstandridge@tuscaloosa.com](mailto:cstandridge@tuscaloosa.com)**



Proposals should be clearly labeled with the following information:

**Proposal for Auditing and Related Services for Annual Comprehensive Financial Report and  
Single Audit Services**

The Respondent is responsible for obtaining confirmation that the City received the Firm's proposal.

**4.3 Additional Items Related to submissions by Respondent Firms**

**a. Submission rejection/costs**

By issuing this RFQ, the City does not commit to entering into a contract, to paying any costs incurred in the preparation of a submission, proposal, or to procuring or contracting for services. The City reserves the right to cancel this RFQ in whole or in part, to reject any and/or all submissions and proposals, to accept the submission and proposal it considers the most favorable to the City's interests in its sole discretion, and to waive irregularities or informalities in any submissions/proposals or in the submission procedures. The City reserves the right to reject all submissions or proposals and issue a new RFQ, at its sole discretion. All submissions and proposals and other materials submitted in response to this RFQ will become property of the City.

**b. Contract and Insurance Requirements**

The laws of the State of Alabama shall govern the contract executed between the successful Consultant and the City, as well as any interpretations or constructions thereof. Further, the place of performance and transaction of business shall be deemed to be in the City of Tuscaloosa, Alabama, and in the event of litigation, the exclusive venue and place of jurisdiction shall be in the Tuscaloosa County, Alabama.

**c. Term of Engagement**

A one-year agreement for the audit, the satisfactory negotiation of terms (including an acceptable price to both the City of Tuscaloosa and the selected firm) and the concurrence of the City Council.

In the event of a merger of the selected audit firm with another firm of certified public accountants or the change of partners to the audit firm, this contract will be transferable to the successor firm with the written approval of the City.

No portion of the work shall be subcontracted without prior written consent of the City. In the event that the auditor desires to subcontract some part of the work specified herein, the auditor shall furnish the City the names, qualifications and experience of their proposed subcontractors. The auditor shall, however, remain fully liable and responsible for the work/service to be

performed by his/her subcontractor(s) and shall assure compliance with all requirements of the contract.

The City may terminate this agreement at any time by giving the auditor not less than forty-five (45) days prior written notice of such termination. Nothing herein shall be deemed a limitation upon the City's right to terminate for cause or otherwise to pursue such legal or equitable rights or remedies which may accrue to the City hereunder.

**d. Scope of Work to be Performed**

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and generally accepted government auditing standards as established by Government Auditing Standards issued by the Comptroller General of the United States. These audits are to be performed in accordance with the provisions included in this request for proposal. The City of Tuscaloosa desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board.

The auditor shall also be responsible for preparing the supplementary information required by the Government Accounting Standards Board's generally accepted accounting principles and applicable grant agreements.

The auditors shall provide to the City documentation of all audit adjustments including appropriate back-up documentation and will meet with staff, if requested; to discuss all proposed audit adjustments. No audit adjustments shall be reflected in the audited financial statements unless approved by the Chief Financial Officer as appropriate.

**Irregularities and Illegal Acts**

Auditors shall be required to make an immediate, written report to the Chief Financial Officer, or Finance Committee, as appropriate, of all irregularities and illegal acts or indications of illegal acts of which they become aware during the course of the audit.

**Internal Control Communications**

Upon completion of the auditor's documentation and review of the internal controls, the auditor shall meet with the Chief Financial Officer, Mayor and City Attorney to report on the result of the internal control review, clearly identifying any weakness noted, whether or not the auditor considers them to be significant deficiencies or material weaknesses. The auditor shall provide a written memorandum summarizing these meetings to the Chief Financial Officer, Mayor and City Attorney within ten working days after this meeting. The auditor shall report, in writing, to the Chief Financial Officer, Mayor and City Attorney any other internal control weaknesses noted at

any other points in the audit process. Such reports shall be provided within ten working days of the date on which such internal control weakness was discovered by the auditor.

#### Reports to be Issued

In conformity with Generally Accepted Accounting Principles (GAAP), the auditor shall issue a report on the fair presentation of the financial statements and shall prepare the following reports at the completion of the audit:

For the City:

- 1) The auditor may be requested to prepare all financial statements and shall prepare notes to the financial statements required for the annual comprehensive financial report of the primary government and the budget to actual schedules subject to our review. The discretely presented component units will be provided to you to insert into the financial statements. The conversion from the fund financial statements to the government-wide financial statements will be prepared by you.
- 2) A Single Audit report on the financial statements, internal controls and compliance in accordance with Government Auditing Standards and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and/or Uniform Guidance, and any other applicable federal regulations for compliance with the Single Audit Act, as may be required.
- 3) Any management report containing comments and recommendations regarding the City's system of internal controls; that is, its methods of safeguarding its assets, insuring the accuracy of its financial information, promoting efficiency, and adhering to municipal policies. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be reviewed by the Chief Financial Officer before the management report is finalized and published by the auditor.
- 5) The City will compile the letter of transmittal, management's discussion and analysis and the statistical tables.

#### 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. If the firm is notified in writing by the City of Tuscaloosa of the need to extend the retention period, the auditor may be required to extend the work paper retention period an additional 3-5 years. The auditor will be required to make any and all working papers available, upon request to the City. The City of Tuscaloosa shall be authorized to make photocopies of any and all work papers.

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.

#### TIME FRAME OF WORK AND REPORT REQUIREMENTS

Internal Control Review completed by Auditor

Physical Inventory Review completed by Auditor:  
Tuscaloosa Utilities (Water and Sewer) – 9/30/2023  
General Services (Shop, Gas Pumps, etc.) – 9/30/2023  
Police (Fleet Parts) – 9/30/2023  
Fire and Rescue (Fleet Parts) – 9/30/2023

City Closes Books and Governmental, Proprietary, and Agency Fund Trial Balances, along with SEFA Ready for Auditor – 1/15/2024

Capital Asset Reports Completed by City and Ready for Auditor – 1/15/2024

All Actuarial Reports and Government Wide Information Compiled and Ready for the Auditor – 1/15/2024

Auditor Completes Fieldwork – 2/23/2024

Auditor Completes ACFR Draft and Remits to the City – 3/8/2024

Final ACFR electronically submitted by Auditor to the City – 3/22/2024

Final Single Audit Report by Auditor due to the City - 3/22/2024

If the proposing firm sees any problem with meeting this schedule, it should be noted in the proposal, along with a detailed proposed alternate schedule.

#### Liquidated Damages

Unless there are mitigating circumstances to which the administrative staff of City contributed, the City will withhold, and the auditors shall forfeit from the annual fee, liquidated damages in the amount of \$500 per day for any failure of the auditor to meet the final deadline in the agreed upon schedule.

#### Report Requirements

The independent auditor shall type, reproduce, and assemble the following reports:

For the City

- 1) 10 (10) hard copies of the financial statements and notes to the financial statements as required by generally accepted accounting principles, including required supplementary information.
- 2) One (1) electronic copy (formats acceptable to the City i.e. Word, Excel...) of the financial statements and notes to the financial statements as required by generally accepted accounting principles, including required supplementary information to be placed in a PDF file on the City of Tuscaloosa's web site.
- 3) 10 (10) copies of the Single Audit Report.
- 4) One (1) hard copy and one (1) electronic copy of any Management Letter.
- 5) Electronic copies of audit adjusting entries, all combining schedules and the work papers for preparing the government-wide financial statements required in compliance with GASB 34.

The auditor will provide the Single Audit Reports to the City before the filing deadlines established by the United States Office of Management and Budget for federal grant funds and not later than March 31 of the year following the September 30 fiscal year-end to meet the requirements of State grantors. Failure to deliver these reports by these dates may result in liquidated damages as specified above.

#### CLIENT ASSISTANCE TO BE PROVIDED TO THE AUDITOR

##### Accounting and Finance Department and Clerical Assistance

The City's Accounting and Finance Department and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The auditing firm will prepare confirmations to financial institutions and present a copy of said confirmations to the Chief Financial Officer.

The City will provide the firm with reasonable workspace, desks, chairs, telephones, facsimile machines, and photocopying machines.

#### **Requests for Additional Information**

The City reserves the right to request additional information from Respondents to clarify the submissions.

#### **4.5     Public Records**

Each Respondent is hereby informed that, upon submission of its proposal to the City in response to this RFQ, the proposal becomes the property of the City.

Unless otherwise compelled by a court order, the City will not disclose any submissions while the City conducts its deliberative process in accordance with the procedures identified in this RFQ. However, after the City either awards an agreement to a firm, or after the City rejects all submissions, the City shall consider each submission from Respondents subject to the public disclosure requirements of the Alabama Open Records Act (Ala. Code § 36-12-40) and Tuscaloosa City Code § 2-4, unless there is a legal exception to public disclosure.

If a Respondent believes that any portion of its proposal is subject to a legal exception to public disclosure, the Respondent shall: (1) clearly mark the relevant portions of its proposal “Confidential”; (2) upon request from the City, identify the legal basis for exception from disclosure under the Open Records Act; and (3) defend, indemnify, and hold harmless the City regarding any claim by any third party for the public disclosure of the “Confidential” portion of the qualifications submittal.

### **PART 5 – SELECTION PROCEDURE**

The City will use a Selection Committee of qualified City employees for the evaluation of submissions. This is a qualifications-based procurement for professional services, in which the qualifications of the responding firms will be reviewed and evaluated, and the most qualified firm will be selected, subject to negotiation of fair and reasonable compensation.

The Selection Committee will review the submissions submitted in response to this RFQ, and rate the submissions based on the following grading system, which includes both numerical and pass/fail criteria:

<b><u>Numerically-Scored Criteria</u></b>	<b>Max. Points</b>
Experience	90
Minority- or Woman-Owned Business	10
<b><u>Pass/Fail Criteria</u></b>	
Independence	P/F
Compliance with RFQ Instructions	P/F
Licensing and Professional Standing	P/F
Conflicts of Interest	P/F

The Selection Committee will eliminate from consideration any firm submission which receives a "Fail" grade on any one or more of the pass/fail criteria for evaluation.

After review and evaluation of the submissions, the Selection Committee may select one or more Respondents for interviews. However, the Selection Committee is not required to conduct interviews. The Selection Committee may determine that interviews are not necessary for the selection process, and such decision is within the sole discretion of the Selection Committee.

When the Selection Committee concludes its work, it will make a recommendation to a City Council Committee, and request authority to begin negotiating an agreement, including final scope of work and fees for services, with the successful Respondent firm.

Upon approval by the City Council Committee, City staff will begin contract negotiations with the successful Respondent. If the negotiations are unsuccessful, or if an agreement cannot be reached within a reasonable time, as determined by the City, then City staff will terminate negotiations the firm, and will request authority from the City Council Committee to begin negotiations with another Respondent firm. Any compensation discussed with one Respondent will not be disclosed or discussed with any other Respondent.

Upon the conclusion of negotiations, the successful Respondent firm will enter into an agreement with the City. The agreement shall not be in force until it is approved by the Tuscaloosa City Council, and it is signed by the Mayor. The City cannot pay for any work or services performed prior to the approval of the agreement by the City Council, and the issuance of a notice to proceed by the City.

Please note, this RFQ does not guarantee that the City will make any contract award. The City reserves the right to modify, amend, or withdraw this RFQ, in whole or in part, at any time and for any reason, in its sole discretion. The City also reserves the right to reject all submissions, in its sole discretion. All costs incurred by all firms in preparing and delivering their proposal to this RFQ and any subsequent time and travel to meet with the City shall be borne at the Proposer's expense.

**END OF RFQ**