

**SAWYER COUNTY, WISCONSIN**

**SPECIFICATIONS**

**FOR**

**PROFESSIONAL AUDITING SERVICES**

**January 4, 2017**

**Sawyer County Courthouse  
10610 Main Street, Suite 10  
Hayward, WI 54843**

SAWYER COUNTY  
SPECIFICATIONS FOR AUDIT PROPOSALS

TABLE OF CONTENTS

I.	INTRODUCTION	
	A. General Information	2
	B. Term of Engagement	3
	C. Sale of or Merger of Accepted Proposer	3
II.	NATURE OF SERVICES REQUIRED	
	A. General	3
	B. Scope of Work to be Performed and Required Reports	3
	C. Irregularities and Illegal Acts	5
	D. Auditing Standards to be Followed	5
	E. Reporting to the Administration Committee	5
	F. Special Considerations	6
	G. Working Paper Retention and Access to Working Papers	6
III.	TIME REQUIREMENTS	
	A. Schedule for the Fiscal Year Audit	7
	B. Entrance, Conferences, Progress Reporting and Exit Conference	7
	C. Date Final Report is Due	7
IV.	FEES	
	A. All-Inclusive Fee	8
	B. Rates for Additional Professional Services	8
V.	PROPOSAL REQUIREMENTS	
	A. Proposal Requirements	8
	B. Technical and Financial Evaluation Criteria	9
	C. General Requirements	9
VI.	ADDENDUM A	10

## SAWYER COUNTY

### SPECIFICATIONS FOR AUDIT PROPOSALS

#### I. INTRODUCTION

##### A. General Information

Sawyer County is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the calendar years ending 2016, 2017, and 2018. The County may negotiate an extension of the auditing services for the two (2) subsequent calendar years at the end of the three-year term. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments and Non-Profit Organizations, as well as the State Single Audit Guidelines issued by the Wisconsin Department of Administration.

Sawyer County is located in beautiful northwest Wisconsin with the courthouse located in Hayward. The estimated population of the county is 16,700. Per the 2015 audited financial statements, general fund expenditures before Other Financing Sources (Uses) is \$14,301,998 and overall expenditures were \$25,700,000. Sawyer County employs approximately 170 full-time and 75 part-time employees.

To be considered, three (3) copies of a proposal must be received by the Sawyer County Clerk, Sawyer County, 10610 Main Street, Suite 10, Hayward, WI, 54843 by 4:00 p.m. on Thursday, January 26, 2017. Clearly mark proposals "Audit Services 2016-2018" on the lower left hand corner of the envelope. Sawyer County reserves the right to reject any or all proposals submitted.

Proposals will be opened at 1:00 p.m. on January 27, 2017 at the Sawyer County Courthouse, 10610 Main Street, Hayward, WI, 54843 in the main lobby outside the County Clerk's Office.

There is no expressed or implied obligation for Sawyer County to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

The Sawyer County Administration Committee will meet Thursday, February 9, 2017, 8:30 a.m. in the Sawyer County Courthouse-Assembly Room to review the proposals and make a recommendation to the County Board of Supervisors.

The Sawyer County Board of Supervisors will meet Thursday, February 16, 2017, 6:30 p.m. at the Sawyer County Courthouse -Large Courtroom, to approve selection of the qualified firm to provide financial audit services for Sawyer County.

This RFP will be placed on the Sawyer County website for reference, [www.sawyercountygov.org](http://www.sawyercountygov.org). Questions regarding this RFP shall be directed to:  
Mike Keefe, Accounting Manager  
Phone: 715-638-3218  
Email: [mike.keefe@sawyercountygov.org](mailto:mike.keefe@sawyercountygov.org)

Questions will be received up to 4:00 p.m. Friday, January 13, 2017. Questions will be compiled and answered to all known interested parties and placed on the Sawyer County website by 4:00 p.m. Wednesday, January 18, 2017.

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

Sawyer County 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 Sawyer County and the firm selected.

B. Term of Engagement

A three-year contract is contemplated. If extended for a two (2) year period, that audit fee will be negotiated at a later date.

C. Sale of or Merger of Accepted Proposer

Sawyer County holds the right to terminate the contract upon the sale of or merger of the accepted proposer.

II. NATURE OF SERVICES REQUIRED

A. General

Sawyer County is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the calendar years ending December 31, 2016, 2017, and 2018. The County may negotiate an extension of auditing services for the two (2) subsequent calendar years at the end of the three-year term. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed and Required Reports

Sawyer County desires the audit firm to express an opinion on the fair presentation of its general purpose financial statements and the combining and individual fund and account group financial statements in conformity with generally accepted accounting principles.

The audit firm will be responsible for assisting with federal and state financial assistance expenditures and revenues for inclusion in the Single Audit. The audit firm shall provide all additional reports as required by the Single Audit Act of 1984.

For the most part, the audit firm's reporting responsibilities are inherent in the auditing standards. The following reports to be issued are representative of the auditing standards. This list, however, is not exhaustive, and additional reports may be required.

Following the completion of the audit of the calendar year's financial statements, the audit firm shall issue:

1. Independent Auditors' report on basic financial statements and supplementary schedule of expenditures of federal awards and schedule of State financial assistance.
2. Management Discussion and Analysis
3. Basic Financial Statements, including notes to basic financial statements
4. Required Supplementary Information, including schedules and note
5. Other Supplemental Information Schedules
6. Report on compliance and on internal control over financial reporting based on an audit of basic financial statements performed in accordance with government auditing standards.
7. Report on compliance with requirements applicable to each major Federal and State program and internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Guidelines.
8. Schedule of expenditures of Federal awards. (Single Audit)
9. Schedule of State financial assistance. (Single Audit)
10. Management Letter.

In conjunction with performance of the audit, the selected firm, working with the Accounting Manager and his/her staff, will prepare and deliver the above mentioned Financial Reports. **The deadline for delivering this document is September 30 of the year following the year being audited, i.e., the document for the year ending December 31, 2016, shall be delivered by September 30, 2017.**

The successful firm will be responsible for completing Form SF-SAC (05/04) "Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations" or its successor form in conformance to OMB Circular A-133.

The successful firm will prepare and/or assist with the annual Financial Report Form A For Counties and the Single Audit. **Please be clear if your firm prepares the Form A and Single Audit, and if the cost is included in the audit proposal fee or cost is in addition to the audit fee. Does your firm consider the Single Audit a client required report to provide the auditors, similar to the information in the audit report?**

The successful firm will be responsible for completing a report on the internal control structure based on the audit firm's understanding of the control structure and assessment of control risk.

The successful firm will be responsible for completing a report on compliance with applicable laws and regulations.

The successful firm will be responsible for completing a report on the internal control structure used in administering federal and state financial assistance programs.

A report on compliance with laws and regulations related to major and non-major federal and state financial assistance programs. This report should

include an opinion on compliance with specific requirements applicable to major federal and state financial assistance programs, a report on compliance with general requirements applicable to major federal and state financial assistance programs, and a report on compliance with laws and regulations applicable to non-major federal and state financial assistance program transactions tested.

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

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the audit firm shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

The reports on compliance shall include all instances of non-compliance.

C. Irregularities and Illegal Acts

Audit firms shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Sawyer County Administrator.

D. Auditing Standards to be Followed

To meet the specification requirements 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 for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, and Audits of State and Local Governments and Non-profit Organizations, State Single Audit Guidelines issued by the Wisconsin Department of Administration.

These audit guides are amended from time to time or totally revised by the respective state or federal agency.

E. Reporting to the Administration Committee

Audit firms shall report to Sawyer County's Administration Committee the following:

1. The audit firm's responsibility under generally accepted government auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Disagreements with management

6. Difficulties encountered in performing the audit
7. The annual financial report and related findings

F. Special Considerations

1. The letter to management communicating non-reportable internal control conditions discovered by the audit firm shall be issued separately by the audit firm.
2. All costs associated with entrance, progress, exit, and other meetings should be included in the cost for audit services.
3. It is anticipated that the audit firm will prepare the final Single Audit Report.
4. The following reports shall be printed and assembled by the audit firm:
 

a. Management Letter	20 copies
b. Annual Financial Report	20 copies
c. Single Audit Report	20 copies
d. An electronic pdf version of the above reports	
e. Data Collection Form for Reporting on Audits of State, Local Governments and Non-Profit Organizations	
5. If Sawyer County's work papers are selected for review by any state or federal agency, the cost of that review should be included in the all-inclusive audit fee.

G. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the audit firm's expense, for a minimum of three (3) years, unless the firm is notified in writing by Sawyer County of the need to extend the retention period. The audit firm will be required to make working papers available, upon request, to the following parties or their designees:

1. Sawyer County
2. U.S. Department of Health and Human Services
3. Wisconsin Department of Health and Family Services
4. U.S. General Accounting Office (GAO)
5. Parties designated by the federal or state governments or by Sawyer County as part of an audit quality review process
6. Auditors of entities of which Sawyer County is a sub-recipient of grant funds

In addition, the firm shall respond to the reasonable inquiries of successor audit firms to review working papers relating to matters of continuing accounting significance.

### III. TIME REQUIREMENTS

#### A. Schedule for the Fiscal Year Audit

Each of the following shall be completed by the audit firm.

1. Preliminary Work- Preliminary work can begin in December or January.
2. Detailed Audit Plan-The audit firm shall provide Sawyer County by March 1 both an audit plan and a list of all information to be gathered and work papers to be prepared by Sawyer County.
3. Fieldwork-**The audit firm shall complete all fieldwork by August 18.**
4. Draft Reports--The audit firm shall have drafts of the audit reports and recommendations to management available for review by the Accounting Manager and other appropriate officials by **September 11.**

#### B. Entrance Conferences, Progress Reporting, and Exit Conferences

All costs associated with entrance, progress, exit, and other meetings should be included in the compensation proposal for audit services.

At a minimum the following conferences should be held by the dates indicated on the schedule:

1. Entrance conference with Accounting Manager - Early December  
  
The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the audit firm.
2. Entrance conference with Accounting Manager to commence year-end audit work. Preferably April or May.
3. Exit conference with Accounting Manager and appropriate County personnel. By August 18.

The purpose of this meeting will be to summarize the results of the field work and to review significant findings.

#### C. Date Final Report is Due

Financial statements and reports in final form and appropriate quantities shall be delivered no later than **September 30**. The final report and signed copies should be delivered to the Accounting Manager.

#### IV. FEES

##### A. All-Inclusive Fee

Based upon the nature of services being requested in item II, NATURE OF SERVICES REQUIRED, above, list the all-inclusive fee, including travel, the County will be charged for the year being audited. **The fee quoted should be stated as a not-to-exceed fee by year. Deviation from an annual not-to-exceed total for the services request in item II must be plainly stated and explained in your proposal.**

##### B. Rates for Additional Professional Services

If it should become necessary for Sawyer County to request the audit firm to render any additional service to either supplement the 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 Sawyer County and the firm. Any such additional work agreed to between Sawyer County and the firm shall be performed at the same rates set forth in the schedule of fees and expenses to be included in the proposal.

If any of the above services are not included in the proposal for the maximum fee not-to-exceed being quoted, or are subject to limitations, the proposal should indicate which services are not included or are limited; and a proposal regarding the computation of any additional charges or fees for the provision of such services.

#### V. PROPOSAL REQUIREMENTS

##### A. The proposals submitted shall include at a minimum the following items and be labeled accordingly in the order shown below:

1. A statement of the auditors' independence in relation to Sawyer County.
2. A certification that the auditing firm is licensed to practice in the State of Wisconsin.
3. A summary of the firm's qualifications and experience.
4. The personnel (Partners, supervisory and Staff) that will be assigned to the engagement and their qualifications.
5. A list of similar engagements with other governmental entities including references and contact names and phone numbers for verification purposes.
6. A copy of the firm's latest Peer Review Opinion.

Your proposal should provide a straightforward, concise description of the proposed delivery of services and your ability to achieve the same in the format provided. Emphasis should be on completeness and clarity.

B. Sawyer County will assess proposals on the basis of the following technical and financial criteria, with scoring weights:

- |    |   |     |
|----|---|-----|
| 1. | Overall Capabilities of the Firm  | 10% |
| 2. | Professional team assigned  | 20% |
| 3. | Proposed methodology  | 25% |
| 4. | Understanding of the assignment   | 20% |
| 5. | Cost  | 25% |
| 6. | Any other specific criteria that may be deemed pertinent during the selection process |     |

See **Addendum A** for examples of criteria.

C. General Requirements

1. Inquiries--inquiries concerning the request for proposals and the subject of the request for proposals shall be directed to:

Mike Keefe  
Accounting Manager  
Sawyer County Courthouse  
10610 Main St, Suite 13  
Hayward, WI 54843  
(715) 638-3218  
Mike.Keefe@sawyercountygov.org

2. Submission of Proposals--The following material is required to be received by **January 26, 2017**, at 4:00 p.m. for a proposing firm to be considered:

- a. Three (3) copies of the technical proposal to include:

-Title Page  
-Table of Contents  
-Letter of Transmittal  
-Profile of independent Audit Firm  
-Summary of the Firm's Qualifications and Experience  
-Specific Audit Approach  
-Profile of staff to be assigned to this audit

**One copy of compensation proposal- in a separately sealed envelope**

- b. Proposers should send the completed proposal (clearly marked "Audit Services 2016-2018" in the lower left hand corner of the envelope) to:

Sawyer County Clerk  
Sawyer County Courthouse  
10610 Main St, Suite 10  
Hayward, WI 54843

## **ADDENDUM A**

Evaluation criteria examples to expand upon.

### Overall Capabilities of the Firm:

- What is the size of the firm from which the audit would be performed?
- What experience does the firm have in auditing counties?
- What experience does the firm have in auditing clients who use New World Systems financial software?
- Provide a copy of the firm's latest peer review report.
- How does the firm develop its knowledge base, quality assurance, professional development and other resources to support its work?
- Are there any legal actions or potential conflicts of interest relating to the firm that may impact the ability of the firm to provide services to the County?
- Can the firm provide client references to support its proposal?

### Professional Team Assigned and Qualifications:

- Organization of the team assigned to Sawyer County including:
  - Lead Partner
  - Staff assigned and qualifications
  - Years of external audit experience
  - Recent professional development activities

### Proposed Methodology:

- Number of hours allocated to the assignment
- Approach to completing fieldwork
- Approach to reviewing the financial system
- Approach to assisting the County improve processes and meet the requirements of various stakeholders
- Balance between reviews of controls and substantive testing
- Reporting results and findings

### Understanding of the Assignment:

- Knowledge of the types of financial reporting and control issues facing County Government
- Ability to identify important risks that would affect the audit

### Cost:

- Proposed Fee
- All-inclusive including Single Audit and Form A information requested