

# *LINCOLN FIRE DISTRICT*



*SPECIFICATION FOR ANNUAL AUDIT OF THE DISTRICTS  
FINANCIAL STATEMENTS IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS AND UNIFORM  
GUIDANCE.*

## INTRODUCTION

The Lincoln Fire District is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending October 31, 2022, with the option of auditing its financial statements for each of the 2 subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, established by the American Institute of Certified Public Accountants, and the standards set forth for financial audits in the *Government Auditing Standards* issued by the Comptroller General of the United States.

Each year a determination shall be made whether the fire district has expended federal awards and the applicability of the provisions of the federal Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996. If applicable, these audits are to be performed in accordance with the provisions of the federal Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements.

To be considered, 7 bound copies of the proposal must be received by the District Clerk, Ms. Lois Moore, at 38 School Street, Albion, RI 02802-0579 **by 3:30PM on Thursday, June 23, 2022** at which time the proposals will be opened. The proposals will be reviewed by District management and/or Officials and a final determination made upon approval by the Board of Commissioners no later than July 14, 2022. The Fire District reserves the right to reject any or all proposals submitted.

## BACKGROUND INFORMATION

Section 20 of Local Act 103 enacted July 11, 2019, by the Rhode Island General Assembly entitled “An Act Relating to Consolidation of the Albion and Saylesville Fire Districts into the New Lincoln Fire District” resulted in the creation of the Lincoln Fire District effective November 1, 2021. The taxpayers of both the Albion and Saylesville Fire District approved the merger of the two districts on December 5, 2020. The first annual meeting of the District was held on October 19, 2021. The voters approved an annual operating budget of \$2,788,109 for the fiscal year November 1, 2021 to October 31, 2022.

The Albion and Saylesville Fire Districts were classified as Tier II fire districts. As such, the Albion and Saylesville Fire Districts have not been previously audited. The Districts were required to complete the Annual Self-Reporting Template (Form FD-4) and engage a CPA firm to perform certain agreed-upon procedures. The financial statements of the Albion Fire District and Saylesville Fire District were compiled as of October 31, 2021 and these balances were rolled into the Lincoln Fire District as of November 1, 2021. The Lincoln Fire District is currently maintaining the general ledger accounting records utilizing QuickBooks. The QuickBooks accounting records are maintained by the District Treasurer utilizing a cash basis of accounting during the fiscal year. Year-end adjustments may be required to convert the cash basis accounting records to the modified accrual basis of accounting in accordance with generally accepted accounting principles for governmental entities as established by the Governmental Accounting Standards Board. The Lincoln Fire District’s tax collector utilizes Vision Governmental Solutions for reporting tax collections and annual tax levy information.

The audited financial statements of the Lincoln Fire District for the fiscal year ending October 31, 2022, represent the initial audit of the District. Therefore, the auditors will be required to perform additional procedures on balances of the Saylesville Fire District and the Albion Fire District as of October 31, 2021, since these balances were consolidated into the new Lincoln Fire District effective November 1, 2021.

## BACKGROUND INFORMATION (CONTINUED)

Questions and additional information requests should be emailed to Chief Richard Andrews ([randrews@lincolnfri.org](mailto:randrews@lincolnfri.org)) and the District Clerk, Lois Moore ([lmoore@lincolnfri.org](mailto:lmoore@lincolnfri.org)). All information requests and inquiries should be made no later than June 6, 2022. A list of all inquiries, requests, and the related answers will be compiled and made available to all potential bidders upon request no later than June 10, 2022.

The Lincoln Fire District utilizes the modified accrual basis of accounting for all of its' Governmental Funds and the accrual basis of accounting for the Fiduciary Funds. Through actions of the District's voters and Board of Commissioners the Lincoln Fire District's annual financial statements are currently expected to include the following funds:

1. General Fund – annual operating budget of \$2,788,109
2. Capital Projects Fund
3. Compensated Absence Fund
4. OPEB Trust Fund

The Lincoln Fire District also participates in the Municipal Employees Retirement System (MERS) administered by the Employees Retirement System of Rhode Island (Fire and Administrative Plan) as well as the John Hancock Pension Plan administered by the Town of Lincoln. Both the MERS and John Hancock plans utilize a fiscal year end reporting date of June 30<sup>th</sup>. As a result, the auditor's report for the Lincoln Fire District is anticipated to include a modified opinion due to the noncompliance with the reporting requirements of GASB Statements 67 and 68 which require the measurement date to be no more than 12 months prior to the end of the fiscal year. It is currently anticipated that the October 31, 2022, audited financial statements will report the MERS and John Hancock pension information utilizing a measurement date of June 30, 2021. The June 30, 2021, actuarial information is expected to be the most current information available. The auditors may be required to assist the District in obtaining and completing the information related to the pension plans as required by GASB Statements 67 and 68.

The auditors will be required to attend a meeting and present the audited financial statements and any related correspondence to the Board of Commissioners. The auditors may also be asked to attend the annual meeting of the taxpayers to present and/or answer any questions that the voters may have on the financial operations and condition of the District. The proposal should be all inclusive of these services.

## PROPOSAL CALENDAR

Request for proposals issued	May 26, 2022
Pre-proposal Questions	June 6, 2022
Responses to inquiries	June 10, 2022
Due date for proposals	June 23, 2022

## EVALUATION OF PROPOSALS

Management and/or District officials will evaluate the proposals using the following scoring weights resulting in a maximum score of 100 points:

	Maximum points
Overall qualifications and experience of the firm and the specific engagement personnel to be assigned focusing on experiences with governmental entities and the specific line of business or services provided by the entity to be audited.	40
Overall audit approach and audit strategy described/outlined in the proposal and firm capacity to perform the engagement within the specified timeframe (prior experience of the firm in meeting timelines should be factored in here)	30
Audit fees - See formula for points awarded for audit fees (*) 30	30
<b>Maximum evaluation points 100</b>	<b>100</b>

\* Evaluation technique – audit fees

Audit fee score = (lowest bid/bid for firm being evaluated) X 30 points

*Example:* Assuming 3 bids received were: (firm A) - \$40,000, (firm B) - \$46,000, (firm C) - \$50,000

Firm A (the lowest bidder)	awarded 30 points	$\$40,000/\$40,000 \times 30 \text{ points} = 30$
Firm B	awarded 26 points	$\$40,000/\$46,000 \times 30 \text{ points} = 26$
Firm C	awarded 24 points	$\$40,000/\$50,000 \times 30 \text{ points} = 24$

## NOTIFICATION AND CONTRACT DATES

Notification of Award	7/21/2022
Contract date	10/31/2022

## DATE AUDIT MAY COMMENCE

The Lincoln Fire District recognizes property taxes utilizing the 60 day rule allowed under governmental accounting standards. As such, the accounting records of the District remain open until December 31<sup>st</sup> annually to ensure proper cutoff of tax revenue as well as liabilities. It is anticipated that the accounting records and all account reconciliations will be available for the audit to commence annually by January 16<sup>th</sup>.

## DUE DATES FOR COMPLETION OF AUDIT AND DELIVERY OF REPORTS

The annual audit shall be completed and final audit reports (inclusive of all audit communications and reports in accordance with Uniform Guidance and Government Auditing Standards, as applicable) related to the financial statements shall be delivered to the Lincoln Fire District, the Lincoln Town Clerk, the State Auditor General, and the State Division of Municipal Finance by April 30<sup>th</sup> (As required by section 45-10-4 and 44-5-69 of the General Laws). The auditor must provide a PDF version of the financial statements as well as 10 bound copies of the final audit report and all related communications.

The additional audit reports relating to federal awards and required by the Single Audit Act of 1984, as amended in July 1996, shall be submitted as part of the annual financial statements as noted above. The District does not anticipate the expenditure of federal awards in excess of \$750,000 for the fiscal year ending October 31, 2022. The auditors will need to refer to the applicable OMB Guidance in effect for the audit period to determine the reporting requirements based on the federal expenditures incurred.

## QUALIFICATIONS OF AUDITOR

1. The firm selected for the audit shall be a firm of certified public accountants holding a valid license in the State of Rhode Island or from another state having equal professional standards.
2. The audit organization and the individuals responsible for planning, directing, conducting substantial portions of the fieldwork, or reporting on government audits shall meet the continuing educational requirements of *Government Auditing Standards* issued by the Comptroller General of the United States.
3. The audit organization shall have an appropriate internal quality control system in place and participate in an external quality control review program as required by *Government Auditing Standards*.
4. The audit organization shall provide a copy of their most recent external quality control review report and also submit the results of any subsequent review performed during the term of the contract to the fire district and the Auditor General. A copy of the most recent peer review report should be attached to the annual engagement letter which is submitted by the audit firm for approval by the Board of Commissioners prior to the commencement of the annual audit.
5. The audit firm shall have at the time of proposal, and throughout the period of engagement, professional liability insurance coverage of not less than \$1 million.
6. The audit firm must meet the independence requirements of the American Institute of Certified Public Accountants.

## AUDIT CONTRACT

1. The audit contract may cover one, two or three fiscal years. Each year must be treated as a separate audit. The contract period shall not exceed three years.
2. Audit contracts covering more than one year shall specify an audit fee for each year. The audit fee shall be inclusive of all expenses.
3. Continuation beyond the initial fiscal year of the three-year contract will be at the discretion of the fire district.
4. Any representations made with the submission will be relied upon and if proven to be false will be grounds for termination of the contract, if awarded. False representations will also be grounds for forfeiture of all payments under the contract. This will not limit the fire district from seeking any other legal or equitable remedies.

## ADDITIONAL WORK

1. Any amendments to the contract for additional work will be negotiated in good faith prior to the work being performed. The audits and the Fire District will agree to a price before the auditors provide any additional services not included in this request for proposal or the auditors proposal.
2. In accordance with *Government Auditing Standards*, if the firm provides non-audit services, it must evaluate whether providing the services creates independence impairment with respect to the audit of the fire district.

## AUDIT STANDARDS

1. The audit shall be conducted in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
2. If a single audit is required, then the standards contained in the amended (July 1996) Single Audit Act of 1984 and the provisions of OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements, must also be followed.

## AUDIT SCOPE

The financial statements to be presented and reported upon by the private auditor shall include:

- Basic financial statements, which will include government-wide financial statements, fund financial statements, and notes to the financial statements in conformity with generally accepted accounting principles and as required by the Governmental Accounting Standards Board;
- The auditor shall also be responsible for performing certain limited procedures involving required supplementary information as required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
  - Required Supplementary Information:
    - Management's Discussion and Analysis (to be provided by the Lincoln Fire District)
    - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
    - Schedules related to defined benefit plans and OPEB plans, if applicable
- Supplementary financial statements, schedules and information (with auditor's opinion reference that they are fairly stated in all material respects in relation to the basic financial statements as a whole):
  - Combining Fund financial statements, if applicable.
  - Tax Collector's Annual Report - a statement as to uncollected taxes outstanding at the close of the last fiscal year according to the years for which the taxes were assessed
  - Schedule of Expenditures of Federal Awards, if applicable.
- Major Federal Programs: If applicable, an audit of major programs in accordance with criteria outlined in OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements, and

## AUDIT REPORTS

Draft copies of all audit report(s) and the management letter shall be submitted to the District Clerk, Treasurer, and Fire Chief prior to the exit conference so that there will be adequate time for review and approval prior to issuance.

Reports to be submitted, depending on the scope of the engagement, may include:

- a. Reports on:

1. the fair presentation of the basic financial statements in accordance with generally accepted accounting principles based upon an audit performed in accordance with generally accepted auditing standards *and Government Auditing Standards*. The auditor shall also make reference to, but not opine on, required supplementary information consistent with reporting guidance in the applicable AICPA Audit Guide.
  2. supplementary financial statements, schedules and information, are fairly stated in all material respects in relation to the basic financial statements as a whole.
    - The supplementary information shall include combining financial statements (if applicable) and the Tax Collector's Annual Report.
  3. compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- b. Reports and summaries related to major federal financial assistance programs as required by OMB Guidance (the auditor should refer to applicable OMB guidance in effect and the applicable AICPA Audit Guide for reporting guidance).

## MANAGEMENT LETTER

A management letter, if applicable, shall be provided upon completion of the audit to those charged with governance (e.g.: *governing board, fire chief, finance officer, etc.*) of the fire district, with copies to the Division of Municipal Finance and the Auditor General.

The management letter should include comments, and/or recommendations beyond those included in the reports described above, on such matters as:

- policies, procedures and practices employed by the fire district.
- control deficiencies that are not significant deficiencies or material weaknesses.
- use of resources to provide a governmental service in a reasonable, judicious, economical, and efficient manner.
- compliance with state laws pertaining to the fire district and with rules and regulations established by the fire district.

## ADDITIONAL INFORMATION TO BE PROVIDED TO THE FIRE DISTRICT

**Proposer technical qualifications** - the proposer shall, at a minimum, describe the following in the proposal:

- the current status of the professional license of the firm, partner-in-charge, and senior accountant in charge of the fieldwork;
- staffing information including: firm size, number of staff allocated to the audit job, relevant qualifications and experience of each person assigned to the audit job;
- Availability to meet evenings and weekends to accommodate the work schedule of the fire district's part time finance people;

- Identification of any sub-contractors, co-proposers, or other entity that will be used to provide the professional services sought by the request for proposal;
- the amount and type of professional liability coverage;
- list of any professional complaints pending or resolved against the firm or any of its partners with the state boards of accountancy, or any self-regulatory, professional or government authority including but not limited to the AICPA, or Rhode Island Board of Accountancy;
- information regarding any lawsuits or claims against the firm, pending or resolved;
- a statement of relevant experience including a list of governmental audits performed in the last five years;
- audit client references that may be contacted regarding professional services provided previously; and
- expected time budget by staff level of personnel assigned to the engagement, and date for preliminary fieldwork, fieldwork, and completion of draft financial statements for management review and approval;
- hourly fee for additional services beyond the scope of the audit proposal (if any) that would be charged by various level of firm personnel;
- the bound proposal must include a completed bid proposal form (see attached) which summarizes the all-inclusive annual bid amount.

**Representations** - the following representations shall be provided as part of the proposal:

- a written representation that there exist no client conflicts which would inhibit the ability to perform the audit in accordance with professional standards;
- a written representation that the private auditor is independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*;
- a written representation that the private auditor meets the continuing educational requirements of Government Auditing Standards;
- Written representation that any sub-contractors, co-proposers, or any other entity providing professional services under the engagement will be subject to, and will have met, all the same applicable requirements as the proposer.
- a written representation that the private auditor has an appropriate internal quality control system in place and has participated in an external quality control review program as required by *Government Auditing Standards*. The firm will provide the Fire District and Auditor General with a copy of its most recent external quality control review report; and
- a written representation that the private auditor is familiar with generally accepted accounting principles for state and local government units as prescribed by Governmental Accounting Standards Board (GASB) and with the generally accepted auditing standards promulgated by the American Institute of Certified Public



Accountants; *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act of 1984 as amended in July 1996; the provisions of OMB Guidance 2 CFR part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Subpart F – Audit Requirements. The private auditor will conduct the audit and report in accordance with those standards.



**Lincoln Fire District**  
**Summarized Bid Proposal Form**  
**Financial Statement Audit Services**

**Name of Firm:** \_\_\_\_\_

**Address:** \_\_\_\_\_  
\_\_\_\_\_

**Telephone:** \_\_\_\_\_ **Fax:** \_\_\_\_\_

**Contact Person:** \_\_\_\_\_

**Email:** \_\_\_\_\_

**Please complete:**

**Total Fixed Fee, including expenses, for 10/31/2022  
Audit (all inclusive) \*\*** \$ \_\_\_\_\_

**Total Fixed Fee, including expenses, for 10/31/2023  
Audit (all inclusive) \*\*** \$ \_\_\_\_\_

**Total Fixed Fee, including expenses, for 10/31/2024  
Audit (all inclusive) \*\*** \$ \_\_\_\_\_

**Total All-Inclusive Three Year Bid Price** \$ \_\_\_\_\_

\*\* Continuation beyond the initial fiscal year of the three-year contract will be at the discretion of the fire district.

**Payment Terms and additional cost if a Single Audit is required:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name and Title of person authorized to submit proposal

Signature