



CITY OF DALWORTHINGTON GARDENS, TEXAS

REQUEST FOR PROPOSAL

INDEPENDENT FINANCIAL AUDIT SERVICES

DUE DATE:

TUESDAY, JUNE 1ST, 2021, AT 2:00 PM (CST)

ISSUED BY:

FINANCE DEPARTMENT

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I. INTRODUCTION

A. Request for Proposals (RFP)

The City of Dalworthington Gardens, Texas (the City) is requesting proposals from qualified and experienced public accounting firms to audit City’s financial records and accounts and to assist in the preparation of the annual comprehensive financial report (ACFR). Persons qualified to perform these services include certified public accountants who are licensed in the State of Texas and public accountants who hold permits to practice from the Texas State Board of Public Accountancy.

Term of Audit Engagement

The contract for audit services based upon City Council approval of the proposal will be for the fiscal year ending September 30, 2021 through September 30, 2023. Following satisfactory delivery of the services specified in this proposal and engagement letter, the City may, at its option, request to extend the agreement for up to two (2) additional one-year terms through fiscal year ending September 30, 2025.

II. DESCRIPTION OF THE MUNICIPALITY

A. Background Information

The City of Dalworthington Gardens was incorporated July 19, 1949 under the general laws of the State of Texas and operates as a Type A general law municipality with the aldermanic form of government. The legislative authority of the City is vested in a six-member council elected at large. The Mayor and City Council also serve as the board of the Dalworthington Gardens Crime Control and Prevention District.

The Mayor and City Council appoint the City Administrator, the Director of Public Safety and the Municipal Court Judge. The Mayor is the Chief Executive Officer of the City and is responsible for the day-to-day operations of the City.

The city is predominately a residential community of approximately 1.84 square miles, which is the combined land area of 1.8 square miles and water area of .04 square miles. The City is located in east central Tarrant County, between I-30 and I-20, which are major interstate links between Dallas and Fort Worth. It is part of the “Metroplex” of North Central Texas, which includes the cities of Dallas and Fort Worth. The City of Dalworthington Gardens is bordered to the north by the Town of Pantego, both of which are surrounded by the City of Arlington. The City lies approximately 11.5 miles from downtown Fort Worth, 25.1 miles from downtown Dallas, and 21 miles from Dallas/Fort Worth International Airport.

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B. Current City Officials

- Elected Officials:

Mayor.....Laurie Bianco
 Alderman, Place 1John King
 Alderman, Place 2 Steve Lafferty
 Alderman, Place 3 Cathy Stein
 Alderman, Place 4/Mayor Pro-Tem Ed Motley
 Alderman, Place 5 Joe Kohn

- Executive Staff:

City Administrator/Secretary Lola Hazel
 Director of Public Safety.....Greg Petty
 Finance Director..... Kay Day
 Municipal Court Administrator Sandra Ma
 Community Development Director Gary Harsley
 Public Works SuperintendentJeff Chasteen

C. Fund Structure

As of March 31, 2021, the City’s fund structure is as follows:

Fund Type/Account Group	Number of Individual Funds	Number with Legally Adopted Annual Budgets
General fund	1	1
Special revenue funds	6	6
Debt service fund	1	1
Capital project fund	1	1
Enterprise fund	1	1
Park Recreation and Facility Development Corp.	1	1
General fixed asset account group	1	0
General long-term debt account group	1	0

D. Budgetary Basis of Accounting

The City prepares its operating budget on an annual basis. The budgets for all governmental funds are prepared and adopted on a basis consistent with generally accepted accounting principles. The budgets prepared and adopted for enterprise funds differ from generally accepted accounting principles primarily in that depreciation expense is not a budgeted item, while capital outlay is budgeted as an expense.

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E. Financial Information

Detailed information is available about the City and its finances on the City's website at www.cityofdwg.com where you will find prior Audits and Adopted Budgets.

F. Pension Plans

The City's employees participate in the Texas Municipal Retirement System. The City does not currently offer any additional retirement or pension plans.

G. Federal and State Financial Assistance

During the fiscal year to be audited, the City may receive funding from federal and state financial assistance programs. A Single Audit may be required if the appropriate grant expenditure thresholds are met. To date, a Single Audit report has not been required by the City.

H. Computer Systems

The City currently utilizes the Incode®, Version 9 software package from Tyler Technologies, Inc., for the following applications:

- General ledger
- Accounts payable
- Check reconciliation
- Payroll
- Utility billing
- Cash collections
- Municipal court
- Accounts Receivable
- Fixed Assets – implementation pending
- Building Licenses & Permits – implementation pending

The City is utilizing Timeclock Plus for timekeeping.

I. Internal Audit Function

The City does not currently have any internal audit functions.

J. Finance Department Personnel

The Finance Director has 40 years of finance experience, of which 4 years in municipal finance, 9 years with political sub-divisions, 11 years in the private sector, and 16 years working for a publicly traded company.

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III. SCOPE OF AUDIT SERVICES REQUIRED

A. Auditing Standards

The examination of the City's financial statements should be made in accordance with:

- Auditing standards generally accepted as set forth by the American Institute of Certified Public Accountants,
- Standards applicable for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (as currently amended),
- Provisions of the Single Audit Act of 1984 (as currently amended), and
- U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as applicable.

B. Reporting

The selected audit firm will be required to prepare the following reports:

- Independent Auditor's Report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States. Include an opinion as to whether the statements conform to accounting principles generally accepted in the United States.
- Management Letter on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with accounting standards generally accepted in the United States.

In this letter, the auditor 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 that could adversely affect the City'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. Responses to the audit findings shall be included in the final report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management that shall be referred to in the report on internal controls.

The management letter shall be reviewed in draft form with the Finance Director in order to determine that the observations reflect an accurate understanding of the City's systems and procedures.

The auditors shall be required to make an immediate, written report of all material irregularities and illegal acts (or indications of illegal acts) of which they become aware to the Mayor, City Administrator and Finance Director.

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- Auditor Management Letter that shall assure themselves that the City of Dalworthington Gardens' Mayor and City Council, in addition to the City Administrator and Finance Director, are informed of each of the following:
 - The auditor's responsibility, under generally accepted auditing standards and government auditing standards;
 - Significant accounting policies;
 - Management judgments and accounting estimates;
 - Significant audit adjustments;
 - Other information in documents containing audited financial statements;
 - Disagreements with management;
 - Management consultation with other accountants;
 - Major issues discussed with management prior to retention; and
 - Difficulties encountered in performing the audit.

- Single Audit Report, if required, in compliance with laws and regulations related to major and non-major federal and state financial assistance programs, and must include a statement that the examination was conducted in accordance with applicable auditing standards. This report should include an opinion on compliance with specific requirements applicable to major federal and state financial assistance programs. This report should indicate compliance with laws and regulations applicable to non-major federal and state financial assistance program transactions tested. It should address the internal control structure used in administering federal financial assistance programs. Findings of noncompliance or ineligible expenditures must be presented in sufficient detail for management to clearly understand them.

The schedule of federal financial and state assistance and related auditor's report, as well as the reports on the internal control structure and compliance will not be included in the ACFR, but are to be issued separately.

C. Evaluation of Internal Control Systems

The selected audit firm shall observe the adequacy of the systems of internal control. If weaknesses are noted, appropriate findings and recommendations should be reviewed with the City Administrator and Finance Director, with final inclusion in a separate letter to the Mayor and City Council.

D. Provision of Advisory Guidance

The successful audit firm will be expected to provide advisory guidance to City staff during the course of audit work for accounting and other technical matters necessary to keep the City in compliance with any changes in governmental accounting and financial reporting standards.

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E. Special Assistance in Award Recognition Program

The City has completed and submitted an ACFR for the FYE September 30, 2020 to the Government Finance Officers Association of the United States and Canada (GFOA) for review in its Certificate of Achievement for Excellence in Financial Reporting Program. The City intends to continue submitting for the certificate of achievement award in all subsequent audit years. Therefore, the successful audit firm will be required to provide special assistance to meet the requirements of this program. The City will give additional consideration to those firms that have actively participated in technically assisting clients previously awarded the certificate.

F. Requested Client-prepared Schedules

The successful audit firm will be expected to submit a detailed list of requested client-prepared schedules to the City's Finance Director no later than October 1st to facilitate efficient and timely completion for the fieldwork process. The firm shall provide a secure FTP file sharing internet site, with secure login to City data in order to transmit documents to and from the auditor in an effort to reduce on-site fieldwork time. This access should include full access for the Finance Director to the City's FTP file sharing folder.

G. ACFR Preparation

The Finance Director shall prepare the following to be included in the ACFR:

- ✓ Cover Page
- ✓ Table of Contents (auditor to complete page numbering)
- ✓ Management's discussion and analysis
- ✓ All financial schedules
- ✓ Notes to the financial schedules
- ✓ Required supplementary schedules
- ✓ Other supplementary schedules
- ✓ Statistical section

Auditor is responsible for reviewing and formulating the data into a complete report format, to include the report front and back binder covers. The cover design is to be reviewed with the client. Printing and binding of (15) copies of the ACFR will be the responsibility of the audit firm. The audit firm will also provide the City with a print-ready version of the ACFR in Portable Document Form (PDF) to facilitate the printing of any additional copies and for posting the ACFR on the City's website.

H. Certificate of Interest Parties

Form 1295 provided by Texas Ethics Commission is required from the audit firm before a contract may be executed, since the audit engagement letter is subject to Council approval.

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I. Public Funds Investment Act and State Municipal Court Statutes

The auditor will be required to review the City's compliance with requirements of the State of Texas Public Funds Investment Act and State Municipal Court Statutes.

J. 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 City of the need to extend the retention period.

At the City's request, copies of any or all working papers prepared in conjunction with a respective audit engagement will be provided, on a timely basis, at no cost to the City. In addition, the audit firm shall respond to reasonable inquiries of successor auditors and allow them to review working papers relating to matters of continuing accounting significance.

IV. CITY OF DALWORTHINGTON GARDEN'S RESPONSIBILITIES DURING AUDIT

The City's finance department staff shall close all accounts within 90 days after fiscal year end and prepare a trial balance and detailed general ledger transaction listing for all funds to be submitted to the auditor.

The City will provide the auditor with an onsite work area and access to a source of power, photocopier, and WIFI.

The City will make available and accessible all documents, records, and systems requested by the independent auditors to conduct their examination.

City staff will be available to provide documents and reports for examination, reproduce documents, prepare specific schedules, etc.

The Finance Director will be the point of contact for the auditors to assist with any and all questions and document requests.

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V. CALENDAR OF EVENTS

A. Selection of Audit Firm

The following is a proposed calendar of events for selection of an auditor. Dates are subject to change.

<u>KEY DATES</u>	<u>DESCRIPTION OF EVENT</u>
Wednesday, April 28, 2021	Advertise RFP in local newspaper, post RFP on City's website, and distribute RFP to prospective firms
Tuesday, June 1, 2021, 2:00PM, CST	Due date for sealed RFP Proposals
Thursday, June 17, 2021	City Council selection of audit firm

B. Schedule for Fiscal Year Audit

The desired schedule for completion of certain aspects of the audit for each year of the engagement is as follows:

1. The audit may commence after September 30 or at an earlier time for planning purposes as mutually agreed upon by the City.
2. The detailed list of requested schedules to be prepared by City staff needs to be provided to the City by October 1st.
3. City to complete and submit trial balance, general ledgers, all requested schedules to the audit firm by January 1st.
4. Fieldwork to begin 1st week of January.
5. City to submit completed schedules as detailed in Section III.G by January 30th.
6. The preliminary draft report will be prepared by the audit firm and given to the City no later than the February 15th.
7. The final report is to be issued by the audit firm to the City no later than the last business day of February.
8. The audit firm will be required to present the ACFR to the Audit Committee the 2nd week of March.
9. The audit firm will be required to present the ACFR to the City Council at the regular scheduled meeting on the 3rd Thursday in March.

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VI. INFORMATION REQUESTED FROM AUDIT FIRMS

Any firm interested in being considered for the independent financial audit services engagement is requested to submit, on the firm's letterhead, a Request for Proposal, which provides information on the points, as indicated below. Responding firms should refer to Section VII (Submission of Statement of Qualifications) of this RFP for additional response guidelines.

To achieve a uniform review process and obtain the maximum degree of comparability, the Request for Proposal is to be organized according to the following outline:

A. Title Page

Show the RFP subject, the name of the proposing firm, local address, website address, telephone number, name of contact person, and date submitted.

B. Table of Contents

Include a clear identification of the material by section and by page number.

C. Letter of Transmittal

1. Briefly state the firm's understanding of the work to be performed and provide a clear commitment that work will be performed within the time periods specified in the RFP.
2. Provide the names of the persons who will be authorized to make representations for the firm, their titles, addresses, email addresses, and telephone numbers.
3. State that the person signing the transmittal letter is authorized to bind the firm and enter into a contract.
4. The firm should provide affirmative statements that:
 - a. It is licensed to practice in the State of Texas; and
 - b. It is independent of the City as defined by *Government Auditing Standards* issued by the Comptroller General of the United States. (Otherwise, identify and discuss any potential conflicts of interest of which the firm is aware.)

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- D. Profile of the Responding Firm *(15 points maximum)*
1. State whether the firm is local, regional, national, or international.
 2. State the location of the office from which work is to be performed and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
 3. Describe the local office's capacity to audit computerized systems, including the number and classifications of personnel skilled in computer sciences who will work on the audit.
 4. List the firm's professional affiliations and the results of the latest peer review.
- E. Summary of the Responding Firm's Qualifications *(50 points maximum)*
1. Describe the firm's most recent auditing experience similar to the type of audit being requested. Include a reference list of local government audit clients and the number of years served for each. Indicate who prepared each entity's ACFR and whether the entity has been awarded any GFOA Certificates of Achievement for Excellence in Financial Reporting.
 2. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialist, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Texas. Provide information on the government auditing experience of each person. Clearly indicate what specific responsibility each individual will have. The firm should also indicate how the quality of staff over the term of the agreement will be assured.
 3. Indicate the firm's policy in rotating partners and managers. Indicate what commitments your firm will make with respect to accessibility of the partners and managers assigned to our engagement to the City's management and financial employees.
- F. Approach to the Audit *(35 points maximum)*
1. Submit a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section III of this request.
 2. Indicate the firm's agreement with respect to the scope of audit services, time period for engagement, client prepared schedules, FTP file sharing, and ACFR assistance. Any disagreement with these terms should be expressed here, as the City of Dalworthington Gardens plans to incorporate the RFP as proposed into the final contract for reference.

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VII. SUBMISSION OF REQUEST FOR PROPOSAL

A. Instructions to Prospective Firms

The following instructions should be observed by firms responding to this RFP:

1. Please respond specifically to all information requested in this RFP or indicate why a particular response is not given.
2. Please limit responses to relevant material. Any additional data may be included in the Request for Proposal at the proposer's discretion. Additional information must be submitted in the form of an appendix or bound separately.
3. Identify the RFP item being addressed in the introduction to each response.
4. Respondents or their representatives are prohibited from communicating with City of Dalworthington Gardens officials (including Mayor or City Council members) and employees regarding the RFP from the time it is released until it has been acted upon by the City Council. Violation of this provision by respondents or their agents will lead to disqualification of the respective Request for Proposal from consideration.
5. If there are any clarification questions regarding the scope of work and/or any other requirements of this RFP, respondents or their representatives should submit them in writing and forward them via email to Kay Day, Finance Director, at kday@cityofdwwg.net. All questions should be submitted by Monday, May, 17, 2021. All responses by the City will be provided in the form of an addendum and will be posted on the City's website at www.cityofdwwg.net no later than Tuesday, May 25, 2021. It is the responsibility of responding firms to ensure that the addendum has been reviewed and addressed in their Request for Proposal.
6. The City of Dalworthington Gardens is subject to the Texas Public Information Act. However, certain types of information may be exempt from disclosure under the Act. Firms submitting information, which they deem confidential or proprietary, must clearly mark and identify such information page by page. The City, as allowed by applicable law, will seek to protect such information from disclosure, and notify the Firm whose information is sought under the Act to allow such Firm an opportunity to protect the disclosure of its information. The final decision as to what information must be disclosed under the Public Information Act lies with the Texas Attorney General.

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B. Filing Requirements

The City of Dalworthington Gardens requests two (2) bound copies of the Request for Proposal, along with one (1) unbound copy suitable for reproduction. All Request for Proposals should be sealed in an envelope and clearly marked "Request for Proposal for Independent Financial Audit Services" on the outside of the envelope or on any carrier's envelope.

Sealed Request for Proposals are to be mailed, sent by overnight courier, or hand-delivered to the attention of:

Kay Day
Finance Director
City of Dalworthington Gardens, Texas
2600 Roosevelt Drive
DWG, TX 76016

The City of Dalworthington Gardens will accept sealed Request for Proposals for independent financial audit services **until 2:00 PM on Tuesday, June 1st, 2021. Request for Proposals received after this time will not be considered.**

The City of Dalworthington Gardens will not be responsible in the event that the U.S. Postal Service or any other courier system fails to deliver the sealed Request for Proposal to the City of Dalworthington Gardens by the deadline specified above. Electronic transmission or facsimile of the Request for Proposal will not be accepted.

VIII. EVALUATION CRITERIA

City staff's recommendation to the City Council will be based on the firm demonstrating the competence and qualifications necessary to perform the services for the best value to the City and its taxpayers. The initial evaluation of the submitted proposals will be made based on, but not limited to, the items listed in Section VI (Information Requested from Audit Firms) of this document. These factors will be applied to all eligible, responsive firms in comparing the Request for Proposals received and in selecting the audit firm.

Based on the evaluation, interviews/oral presentations with the Finance staff may be scheduled with the firms considered to be the best qualified. Interviews will not necessarily be scheduled with all firms responding to the RFP. Therefore, RFP responses should be submitted on the most favorable terms.

In all interviews held with the auditing firm, the proposed audit partner and manager for the City's engagement and the individual who will have on-site responsibility for the audit (if a person other than the partner or manager) should be present.

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The City will use the following criteria in selecting the best-qualified firm:

- A. Knowledge of generally accepted accounting principles, auditing standards, financial policies, and procedures applicable to governmental entities,
- B. Prior experience in auditing financial statements of similar sized or larger municipal governments in Texas,
- C. Proposing firm's approach to the examination and the work plan for accomplishing the scope of services required in the RFP,
- D. Proposing firm's anticipated hours, time lines and sequence for audit procedures and anticipated total billing charges to complete the engagement for September 30, 2021 and a statement of how these amounts would change for the subsequent year(s),
- E. Availability of trained personnel and technical resources required for conducting the audit and for providing consultation on accounting and other technical matters as needed to keep the City current on any changes in governmental accounting and financial reporting standards, and
- F. A demonstrated ability to provide assistance in obtaining the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

IX. DOLLAR COST OF THE AUDIT SERVICES TO BE PROVIDED

Once the City has ranked all validly submitted Request for Proposals and selected a firm based on demonstrated competence and qualifications, the City will then consider the firm with a fair and reasonable price for its services. Cost will not be the primary factor in the selection of an audit firm. The proposing firm will be expected to provide the following items for consideration:

- A. The underlying dollar cost to provide the services for and the total hours and hourly rate required to complete the requested work by staff classification are to be stated. The resulting all-inclusive maximum not-to-exceed fee amount is to contain all direct and indirect costs, including all out-of-pocket expenses.
- B. The cost to perform the Single Audit (if applicable) is to be shown separately from the cost to audit the basic financial statements and required supplementary information. In addition, the expected rates for any additional services for which the City might desire to utilize the expertise of the auditor on additional projects outside the scope of this financial audit engagement are to be provided.
- C. The expected manner and terms of payment for the proposed engagement are to be provided.

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- D. All costs incurred or indirectly related to preparation of a response to this RFP and any oral presentation required to supplement and/or clarify a proposal, and/or reasonable demonstrations which may be at its discretion, required by the City shall be the sole responsibility of and shall be borne completely by the audit firm submitting the proposal.
- E. Include expected annual escalation of fees for each of the 4 years following the initial year and any guarantees that can be given regarding future fees. The City discourages initial fee estimates with the expectation of large, unjustified or unsupported fee increments in subsequent years within the five-year contract term.
- F. If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this RFP 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 City and the firm.

X. RIGHTS RESERVED BY THE CITY OF DALWORTHINGTON GARDENS

The City of Dalworthington Gardens reserves the right to:

- A. Accept, reject, re-solicit, and/or extend the RFP by up to two (2) additional weeks from the original submission date if only one or no Request for Proposals are received by the submission deadline,
- B. Hold Request for Proposals for up to 60 days from the submission date without action,
- C. Extend the original 60-day holding period prior to the award if agreed upon in writing by both parties,
- D. Request additional information or to meet with representatives from responding firms to discuss items in the Request for Proposal before and after submission, any or all of which may be used in forming a recommendation,
- E. Disregard and reject the entire Request for Proposal due to any alterations, changes, or deletions made to this RFP by the proposer,
- F. Reject any or all Request for Proposals received and to accept the Request for Proposal the City considers being in its best interest based upon the requirements and descriptions outlined in the RFP,
- G. Retain all Request for Proposals submitted and to use any ideas in a Request for Proposal regardless of whether that Proposal is selected, and
- H. Terminate all or any part of the unfinished portion of the work resulting from this solicitation within thirty (30) days written notice whether due to default, delay, or non-performance by the firm or, if it is deemed in the best interest of the City for convenience.

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XI. WARRANTIES

- A. The successful firm warrants that it will not delegate or subcontract its responsibilities under the audit engagement without the express prior written consent of the City.
- B. The successful firm warrants that it will not replace or substitute key audit personnel without the City's knowledge and consent.
- C. The successful firm warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage acceptable to the City for willful or negligent acts or the omissions of any officers or employees.
- D. The submission of a Request for Proposal shall be prima facie evidence that the proposing firm has full knowledge of the scope, nature, quantity, and quality of the work to be performed, the detailed requirements of the specifications, and the conditions under which the work is to be performed.