

BOARD OF LIGHT AND POWER OF THE CITY  
OF MARQUETTE REQUEST FOR QUOTE -  
AUDIT SERVICES



## GENERAL INFORMATION

The purpose of this request for quote is to obtain the services of a public accounting firm whose principal officers are independent, certified public accountants, or independent, licensed public accountants, certified or licensed by a regulatory authority of the State or other political subdivision of the United States, (hereinafter referred to as the "firm") to perform an audit of the Board of Light and Power of the City of Marquette, Michigan (hereinafter referred to as the "Board"). The audit shall be a financial examination of all the Board's funds and accounts and further an examination of compliance with all pertinent laws, regulations, contracts, etc. These will include all the regulations of the United States of America regarding grants and general federal revenue sharing, all pertinent regulations of the State of Michigan, and the City of Marquette Charter. The contract shall include the fiscal years beginning October 1, 2023 through September 30, 2026. The Board's fiscal year begins October 1, and ends on September 30, of each year. Examination shall remain in accordance with generally accepted auditing principles and generally accepted auditing and accounting standards promulgated by the American Institute of Certified Public Accountants. The award of this quote shall be announced on or before July 31, 2024. It is the Board's desire that the audit planning begin as soon as possible thereafter.

## INFORMATION ABOUT THE RFP

- 1) Contact Person: William Toomey, Director of Finance  
Marquette Board of Light and Power  
2200 Wright Street  
Marquette, MI 49855  
Phone: (906) 228-0318  
Email: wtoomey@mblp.org
- 2) Questions about the Board's financial statements, audit, or the quote should be addressed to the Director of Finance.
- 3) Sealed quotes shall be submitted no later than 2:00 p.m. June 24, 2024 to the following:

Marquette Board of Light and Power  
Attn: William Toomey, Director of Finance  
2200 Wright Street  
Marquette, MI 49855

Quotes shall be marked "Quote for Audit Services - Marquette Board of Light and Power". Failure to do so may disqualify your quote. Emailed and/or faxed quotes will not be accepted.

## DESCRIPTION OF ENTITY AND RECORDS TO BE AUDITED

- 1) The Marquette Board of Light and Power is located within the City of Marquette, MI. It provides power to approximately 17,000 customers within the City of Marquette and parts of the nine surrounding townships. The Board currently operates three natural gas reciprocating engines, 2 hydroelectric plants, and a combustion turbine.

The Board is a component unit of the City of Marquette with an independent, elected, Board.

- 2) Refer to past audit reports which will reflect budget sizes. It is the intention of the Board that all funds be examined.

- 3) Currently, the Finance Department maintains the accounting records. The Finance Department, at present, consists of three people including the Director of Finance, Manager of Accounting, and an Accounting Clerk. The general ledger and accounts payable records are maintained utilizing National Information Solutions Cooperative (NISC) Financial software. Utility billing records are processed using NISC Service software. Payroll is outsourced to ADP. Budget records, general ledger reports, and payroll files are maintained in the Finance Department.
- 4) Audited Financial Statement reports are available on the State website at [www.michigan.gov/treasury](http://www.michigan.gov/treasury). Individual appointments may be arranged in order to review other reports and records. The Director of Finance and accounting staff will be available to answer questions.

#### **ASSISTANCE AVAILABLE TO THE FIRM**

- 1) The Board's immediately preceding examination was performed by the accounting firm of Andrews Hooper Pavlik, PLC. for the period of October 1, 2022 through September 30, 2023. The audit was performed in accordance with GAAP and an unqualified opinion was obtained.
- 2) The Board will make every effort to make available all personnel when necessary to assist the firm in the performance of the examination.
- 3) Audit confirmations will be prepared by the Board.
- 4) Financial Statements are prepared by the Director of Finance and the Manager of Accounting concurrently during the time of the examination.

#### **NATURE OF SERVICES REQUIRED**

The scope of audit services being contracted shall request the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles. The Board also desires the auditor to express an opinion on the fair presentation of its business-type activities and the aggregate remaining fund information financial statements and schedules in conformity with generally accepted accounting principles. The audit shall be comprised of Financial and Compliance Audits for all funds. To meet the requirements of this request for quotes, 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 in the U.S. General Accountability Office's Government Auditing Standards and the provisions of U.S. Office of Management and Budget (OMB) circular A-128, Audits of State and Local Governments. The scope of the audit quote and fee schedule must be presented for all Board funds.

#### **OTHER INFORMATION**

- 1) All working papers prepared in support of the financial examination are subject to review by authorized representative of the cognizant Federal Audit Agency, the General Accountability Office, the Michigan Department of Treasury and the requestor. Working papers will be retained for at least five years.
- 2) The audit examination must be completed and the initial report submitted no later than December 31<sup>st</sup> of each year. It is expected that a complete report will be in the hands of the Board no later than January 15<sup>th</sup> of each year.

- 3) The successful firm will prepare, at their expense, bound copies in the following numbers and formats:
  - a. A report on the examination of the financial statements of the Board including all accounts and funds. The financial statements and the notes to the financial statements will be prepared by the Finance Department. The management discussion and analysis and statistical tables will be updated by the Finance Department.
  - b. A report on compliance, both in accordance with all applicable laws of the State of Michigan and the City of Marquette and the aforementioned standards. The compliance report shall include all material instances of noncompliance. All nonmaterial instances shall be included in the management letter.
  - c. A report on internal accounting control based solely on a study and evaluation made as part of the audit of the basic financial statements.
  - d. A management letter references the weakest areas of the audit, including internal controls and suggested steps for improvement with regard to all things listed in the management letter. It is expected the management letter should be extensive to help the Board assist in improving its financial reporting and accounting capabilities.
- 4) The Board is not liable for any cost incurred by the firm prior to acceptance of a quote and the award of a contract.
- 5) Report Preparation-
  - a. The Finance Department will prepare the reports that follow:
    - i. Basic Financial Statements and related notes to the financial Statements
  - b. In addition, the firm will edit, proof and print the above-mentioned reports. The firm will also prepare these reports for their submission to the State of Michigan Treasury Department.
  - c. Responsible Board staff is available and will review reports prepared by the firm.
- 6) Unacceptable Audit Reports - In the event that final audit reports prepared by the successful firm are not accepted by the State Treasurer, the firm shall, at its own expense, take the necessary steps to prepare and resubmit final audit reports which are acceptable to the State Treasurer.
- 7) Award of Contract -
  - a. The ultimate agreement between the successful firm and the Board will be awarded to that firm whose quote conforms to this Request for Quote and is the most advantageous to the Board.
  - b. The Board reserves the right to reject any and all offers and to waive informalities and minor irregularities in offers received.
  - c. The Board reserves the right to accept other than the lowest price quote.
  - d. The Board reserves the right to negotiate separately with any source whatsoever in any manner necessary to service the best interest of the Board.

## **TERMS AND CONDITIONS OF THE AGREEMENT**

- 1) Cancellation of the Agreement- If, through any cause, the successful firm shall fail to fulfill in timely and proper manner their obligation under this agreement, or if the successful firm shall violate any of the covenants, agreements, or stipulations of this agreement, the Board shall thereupon have the right to terminate this agreement by giving written notice to the successful firm in such termination and specifying the effective date thereof. In the event of termination all property and finished or unfinished documents, data, studies, and reports purchased or prepared by the successful firm under this agreement shall at the option of the Board become its property.
- 2) Discrimination in Employment Prohibited- The successful firm will not in performance of this agreement discriminate against any employee who is employed in the work covered by this agreement, or against any applicant for such employment because of race, color, religion, sex, or natural origin. The provision shall include, but not be limited to the following: employment upgrading, demotion, transfer, recruitment, recruitment advertising, lay-off or termination, rates of pay or other form of compensation, and selection for training, including apprenticeship. The successful firm shall insert similar provision in all subcontracts for services covered by this agreement.
- 3) Progress billings may be submitted to the Board for their approval.

## **DURATION OF THE CONTRACT**

It is the intent of the Board to continue to utilize an independent accounting firm on an annualized basis for its audit. It is the intent of the Board to utilize the successful firm for at least a three-year period plus two optional one-year renewal options, provided that the Board's standards of excellence are met.

## **INFORMATION TO BE REQUESTED FROM THE FIRM**

In order to simplify the review process and obtain the maximum degree of comparability, the quote should be organized in the following manner.

- 1) Title Page
  - a. Show the request for quote, subject, name of firm, local address, telephone number, name of the contact person, and the date.
- 2) Letter of Transmittal
  - a. Limit to one or two pages.
    - i. Briefly state the firm's understanding of the work to be done and the anticipated time requirements (including tentative schedules with the dates and total hours anticipated to perform the work).
    - ii. State the all-inclusive fee for which the work will be done.
    - iii. Give the names of the persons who will be authorized to make representations for the firm, their titles, addresses, and telephone numbers.
- 3) Profile of the Firm
  - a. State whether the firm is local, national, or international

- b. Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors and other professional staff employed at the office.
  - c. Describe the range of activities performed by the local office such as audit, accounting, tax services or management services.
  - d. Describe the local office's computer capability.
- 4) Summary of Firm's Qualifications
- a. Identify the supervisors who will work on the audit, including staff from other than the local office. Brief resumes for each supervisory person and staff personnel to be assigned to the audit should be included.
  - b. Describe recent local and regional office auditing experience similar to the type of audit requested and give names and telephone numbers of client's officials responsible for three of the audits listed.
- 5) Scope Section
- a. Clearly describe the scope of the required services to be provided.
- 6) Compensation
- a. Estimate total hours, the estimated out-of-pocket costs, and the resulting all-inclusive maximum fee for which the requested work will be done.

## **AUDIT ENGAGEMENT LETTER**

It is the intent of the Board to establish a relationship between the accounting firm and the Board via an audit engagement letter. The items which the Board feels necessary for inclusion in the engagement letter pursuant to this financial compliance audit are as follows:

- 1) The scope of the audit (which funds and activities of the government are to be included; whether the auditor is to accept GAAP opinion responsibility for financial statement of individual funds or only "in relation to" supplementary data responsibility; and the types of additional supporting schedule presentations, if any, which are to be covered by the auditors "in relation to" opinion).
- 2) Fiscal period to be covered by the audit.
- 3) Facilities and assistance available (where must the auditors work, who will provide help in locating materials, etc.).
- 4) Time schedule for the audit (when the Board will be prepared for the auditors to begin the examination and the targeted completion date).
- 5) The engagement letter should require that the audit lead to the expression of an unqualified opinion of the financial statements unless the auditor justified to the Board, in advance, in writing the reasons for an opinion that is less than unqualified. If the Board is aware of problem areas, which could lead to a qualified opinion, such facts should be included in the engagement letter.
- 6) The engagement letter should provide that the financial statements will be in conformity with GAAP and that the responsibility for such conformity rests with the Board. Any conflicts between GAAP and applicable legal requirements should be outlined in detail.

- 7) The engagement letter should require the auditors to perform their examination in accordance with generally accepted auditing standards following generally accepted accounting principles.
- 8) The preparation of a formal management letter should be required as part of the engagement letter. Recommendations based upon the independent accountant's review of the adequacy of internal accounting controls and other audit investigations should be made a part of a formal report. Procedures to be followed in discussing these recommendations with the appropriate level of management during the audit should also be specified.
- 9) Which partner(s) of the public accounting firm are to participate in the audit and to what extent.
- 10) Procedures to be followed should fraud or defalcations be uncovered.
- 11) A termination clause.
- 12) Delivery date of the completed auditors report.
- 13) How the cost of the audit will be determined.
- 14) Maximum fees and the terms and time of payment.
- 15) Signatures of the proper officials representing the Board and the public accounting firms.