

Request for Proposal
Specifications and Proposal Documents Attached

Proposal No.: 2016 - Audit

Opening Date and Time: Wednesday June 8, 2016 2:00 p.m.

Title: Auditing Services

Special Instructions: Questions regarding this Request for Proposal must be submitted in writing no later than 3:00 P.M. on May 27, 2016. Questions may be submitted via U. S. mail, fax or e-mail to:

Anna M. Johnson
Director of Finance
Town of East Lyme
P.O. Box 519
Niantic, CT 06357

Fax: (860) 739-6930
E-mail: ajohnson@eltownhall.com

The following information must appear in the lower left hand corner of the envelope:

Sealed Proposal No.: 2016 - Audit

Not to be opened until June 8, 2016 at 2:00 P.M.

Return Proposal To:

Anna M. Johnson
Director of Finance
Town of East Lyme
P.O. Box 519
108 Pennsylvania Avenue
Niantic, CT 06357

Proposals cannot be accepted after the Proposal Opening Date and Time indicated above.

TOWN OF EAST LYME
BOARD OF FINANCE
REQUEST FOR PROPOSALS

FOR

AUDITING SERVICES
ANNUAL FINANCIAL REPORT

Proposal No.: 2016 - Audit

Date: May 13, 2016

TOWN OF EAST LYME
CONNECTICUT

REQUEST FOR PROPOSAL

No. 2016 - Audit

Sealed proposals for **Auditing Services** will be received by the Director of Finance, Town of East Lyme P.O. Box 519 (108 Pennsylvania Avenue), Niantic, CT 06357, until **2:00 P.M.** on **June 8 , 2016**, at which place and time all proposals will be publicly opened and read aloud.

The proposal documents may be obtained at the Director of Finance's Office, Telephone: (860)739-6931 ext 113. E-mail requests for the contract documents should be addressed to ajohnson@eltownhall.com or bstevens@eltownhall.com

Addenda, if any, will be issued only to firms who, according to our records, have received the proposal documents.

The Town of East Lyme reserves the right to reject any and all proposals, to waive minor irregularities in the proposal and to award the contract to other than the low proposer if deemed in the best interest of the Town of East Lyme.

The Town of East Lyme is an Equal Opportunity/Affirmative Action Employer.

TABLE OF CONTENTS

I. INTRODUCTION

A.	General Information	1
B.	Terms of Engagement	1
C.	Qualifying Requirements	2

II. NATURE OF SERVICES REQUIRED

A.	General	2
B.	Scope of Work to be Performed	2
C.	Auditing Standards to be Followed	2
D.	Reports to be Issued	3
E.	Special Considerations	4
F.	Working Paper Retention and Access to Working Papers	5
G.	Other Audit Services	5
H.	Implied Requirements	5

III. DESCRIPTION OF THE GOVERNMENT

A.	General	5
B.	Background Information	5
C.	Fund Structure	6

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A.	Statements & Schedules to be Prepared by the Town of East Lyme	6
B.	General	7
C.	Report Preparation	7

V. TIME REQUIREMENTS

A.	Proposal Calendar	7
B.	Date Audit May Commence	7
C.	Report Submissions	7

VI. PROPOSAL REQUIREMENTS

A.	General Requirements	
1.	Inquiries	8
2.	Submission of Proposals	8
B.	Technical Requirements	
1.	General Requirements	9
2.	Independence	9
3.	License to Practice in Connecticut	10
4.	Firm Qualifications and Experience	10
5.	Partner, Supervisory and Staff Qualifications and Experience	10
6.	Similar Engagements with Other Government Entities	11
7.	Audit Approach	11
8.	Identification of Anticipated Potential Audit Problems	11

C.	Dollar Cost Bid	
1.	Total All-Inclusive Maximum Price	11
2.	Fixed Fees by Category	12
3.	Rates for Additional Professional Services	12
4.	Manner of Payment	12

VII. EVALUATION PROCEDURES

A.	Selection Committee	12
B.	Evaluation Criteria	12
C.	Oral Presentations	13
D.	Final Selection	13
E.	Right to Reject Proposals	13

APPENDICES

A.	Proposer Guarantees and Proposer Warranties	14
B.	Fixed Fees	16
C.	Summary of items to be included in the request for proposal	18

I. INTRODUCTION

A. General Information

The Town of East Lyme is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2016, 2017 and 2018 with the option of auditing its financial statements for each of the two (2) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing standards (1988), the provisions of the federal Single Audit Act of 1984, as amended in 1996, and the U.S. Office of Management and Budget (OMB) Circular A-133, Audit of States, Local Governments and Non-Profit Organizations, and in conjunction and conformity with sections 4-230 through 4-236 of the Connecticut General Statutes regarding the state Single Audit Act.

There is no expressed or implied obligation for the Town of East Lyme to reimburse firms for any expenses incurred in preparing proposals in response to this request.

To be considered, the Town of East Lyme must receive five (5) copies of a proposal by 2:00 p.m. on June 8, 2016. The Town of East Lyme reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by a five (5) member Selection Committee Finance Director, Business Manager for the Board of Education two (2) members of the Board of Finance and the First Selectman.

During the evaluation process, the Selection Committee of the Town of East Lyme reserves the right, where it may serve the Town of East Lyme's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the part of the evaluation process.

The Town of East Lyme 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 the Town of East Lyme and the firm selected.

It is anticipated the selection of a firm will be completed by June 30, 2016. Following the notification of the selected firm it is expected a contract will be executed between both parties.

B. Terms of Engagement

The initial contract will be for a period of three (3) years with an engagement letter being executed in each of the contract years. Two (2) one-year renewals are contemplated, for a total contract term not to exceed five (5) fiscal years, subject to:

- The annual review and recommendation by the Selection Committee
- The annual reappointment by the Board of Finance.
- The annual availability of an appropriation

At the end of the third year either party can terminate the agreement for auditing services by serving written notification to the other no later than January 31st of the fiscal year to be audited.

C. Qualifying Requirements

Firms submitting proposals must be qualified to perform independent audits of municipalities of the State of Connecticut. The firm must have been engaged during the fiscal year ending June 30, 2015, as independent Auditors for the purpose of rendering an opinion on the annual financial statements of at least three (3) Connecticut municipalities with a population of at least 19,000.

The auditor's offices must be located within the State of Connecticut, and resident staff must be able to offer the full range of auditing services required by this Request for Proposal.

II. NATURE OF SERVICES REQUIRED

A. General

The Town of East Lyme is soliciting the services of qualified firms of certified public accountants to audit the basic financial statements for the Town of East Lyme for the fiscal years ending June 30, 2016, 2017 and 2018 with options for extensions for the fiscal years ended 2019 and 2020. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

The Town of East Lyme desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

C. Auditing Standards to be Followed

To meet the requirements of this request 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 in the U.S. Comptroller General's Government Auditing Standards, the provisions of the Single Audit Act Amendments of 1996, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and in conjunction and conformity with sections 4-230 through 4-236 of the Connecticut General Statutes (the State Single Audit Act).

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue, as required by generally accepted auditing standards, and Government Auditing standards, OMB Circular A-133, and the Connecticut General Statutes, including but not limited to the following:

Financial

INDEPENDENT AUDITORS REPORT

State Single Audit

A REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT, AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE.

Federal Single Audit

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND ON THE SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.

Separate reports shall be prepared and submitted for the ED001 and other audit reports as required by the State Department of Education.

The auditor shall communicate in a letter to the Board of Finance 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 organizations' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Irregularities and illegal acts.

Auditors 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 following parties:

Stephen F. Harney, Board of Finance, Chairman
Anna M. Johnson, Director of Finance

Such notice shall be in addition to any notice to grantors required by single audit legislation.

Auditors shall assure themselves that the Town of East Lyme's Board of Finance is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards.
2. Significant accounting policies.
3. Management judgments and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management.
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.

E. Special Considerations

1. Prior to submission of the final report, the firm's staff will provide a copy of the report marked Draft for Discussion Only.
2. A copy of all audit adjustments shall be furnished to the Director of Finance.
3. The selected firm shall be available on occasion to assist in certain accounting issues if they arise during the course of the year. These issues may include governmental accounting pronouncements and internal control procedure improvements.
4. The schedule of federal and state financial assistance and related auditor's reports, as well as the reports on the internal control structure and compliance are to be issued separately from the basic financial statements

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expenses, for a minimum of three (3) years, unless the firm is notified in writing by the Town of East Lyme of the need to extend the retention period. The auditor will be required to make working papers available, upon request by the Town of East Lyme.

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.

G. Other Audit Services

Periodically the Town of East Lyme is required to have separate audits performed. The Auditor will be expected to perform these audits and any other audit services requested by the Town of East Lyme outside of the standard audit at the hourly rate stated in Appendix B.

H. Implied Requirements

All services not specifically mentioned in this request for proposals that are necessary to provide the functional capabilities described by the auditor shall be included in the scope of work to be performed.

III. DESCRIPTION OF THE GOVERNMENT

A. General

The auditor's principal contact with the Town of East Lyme will be Anna M. Johnson, Director of Finance, or a designated representative, who will coordinate the assistance to be provided by the Town of East Lyme to the auditor.

Copies of all interim recommendations and findings will be sent to all members of the Board of Finance.

B. Background Information

The Town of East Lyme is located five miles west of the City of New London and comprises approximately 42 square miles. The Town of East Lyme is bounded by Old Lyme and Lyme on the west, Salem on the north, Montville and Waterford on the east, and Long Island Sound on the south. Population centers are the Village of Niantic at the mouth of the Niantic River, and Flanders lying inland to the North. The Niantic area is considered a summer resort area but also has a large number of year round residents. The population of The Town of East Lyme is 18,937.

The Town of East Lyme's fiscal year begins on July 1 and ends on June 30.

The Town of East Lyme provides a full range of municipal services including police and fire protection, public works, parks and recreation, health and human services and water pollution control. All funds are under the administrative control of the Director of Finance and the Board of Education.

More detailed information on the government and its finances can be found in the following documents available on the Town's website www.eltownhall.com:

- a. Annual Financial Report
- b. Federal and State Financial and Compliance Reports
- c. Proposed Budgets

C. Fund Structure

The Town of East Lyme reports the following major governmental funds:

- General Fund
- Bonded Capital Projects Fund
- Board of Education Special Fund
- Sewer Assessment Fund

The Town reports the following major proprietary fund:

- Sewer Fund

The Town also reports the following fund types:

- Internal Service Fund
- Special Revenue Fund
- Capital Projects Fund
- Permanent Funds
- Pension Trust Fund
- Agency Funds

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Statements and Schedules to be prepared by the Town of East Lyme

The staff of the Town of East Lyme will prepare various worksheets to assist in the financial statement compilation, and required supplementary schedules. However, auditor assistance will be required to convert the worksheet data to be financial statement compliant and with certain note disclosures or schedules.

B. General

Office space will be provided in close proximity to the financial records. Telephones will be made available as well as the use of a copy machine during the engagement. The auditor will be required to provide its own equipment and other office materials.

C. Report Preparation

Report(s) preparation, editing, reproduction costs and printing shall be the responsibility of the auditor.

TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	May 13, 2016
Due date for proposals	June 8 , 2016
Appointment by East Lyme Board of Finance	June 30, 2016
Contract date	no later than 30 days after appointment

B. Date Audit May Commence

The Town of East Lyme will have records ready for audit and all management personnel available to meet with the firm's personnel no later than October 31, 2016.

C. Report Submissions

Copies of all reports shall be addressed to the Director of Finance. The successful proposer will also submit copies of reports to the State of Connecticut Office of Policy and Management, and various Single Audit Cognizant Agencies and other agencies as the Town of East Lyme may require.

The submission dates for the various reports are:

Preliminary Report	December 14, 2016
Annual Financial Report	December 30, 2016
Single Audit Report to Federal/State Cognizant Agencies	December 30, 2016
ED001 Certification	December 15, 2016

Where an extension of time may be required, it will be the responsibility of the Auditor to promptly notify the Town of East Lyme and to secure all necessary approvals in a timely manner.

Copies of all interim recommendations and findings will be sent to all members of the Board of Finance.

The final report and 20 signed copies along with a copy in PDF format should be delivered to Anna M. Johnson, Director of Finance, Town of East Lyme, 108 Pennsylvania Avenue, Niantic, CT 06357.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. *Inquiries*

Questions regarding the Request for Proposals shall be submitted in writing no later than 3:00 P.M. on May 27, 2016 and shall be submitted to:

Anna M. Johnson
Director of Finance
108 Pennsylvania Avenue
Niantic, CT 06357
Tel.: (860) 691-4111
FAX: (860) 739-6930
E-mail: ajohnson@eltownhall.com

2. *Submission of Proposals*

To achieve a uniform review process and obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified:

The following materials are required by June 8, 2016 for a proposing firm to be considered:

a. Five (5) copies of the Technical Proposal to include the following:

- i. Title Page: Title page showing the request for proposal's subject; the firm's name; the name, address and telephone number of a contact person; and the date of the proposal.
- ii. Table of Contents
- iii. Transmittal Letter: The letter should briefly state the proposer's understanding of the work to be performed, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the period covered. The transmittal letter should indicate whether the firm is

independent with respect to the Town of East Lyme and that the firm is an equal opportunity employer.

- iv. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this proposal (Appendix A)
 - v. Detailed Proposal: The detailed proposal should follow the order set forth below in section VI B of this request for proposal
- b. The proposer shall submit five (5) copies of a dollar cost bid attached to this request for proposals (Appendix B).
- d. Proposers should send the completed proposal consisting of the two (2) separate envelopes to the following address:

Anna M. Johnson
Director of Finance
P.O. Box 519
108 Pennsylvania Avenue
Niantic, CT 06357

Envelope #1: Technical Proposal

Envelope #2: Sealed Dollar Cost Bid

B. Technical Requirements

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Town of East Lyme with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

The technical proposal should address all the points outlined in the request for proposals (excluding any cost information that should only be included in Appendix B). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional items may be presented, the following subjects, items Nos. 2 through 8, must be included.

2. Independence

The firm should provide an affirmative statement that it is independent of the Town of East Lyme in as defined by generally accepted accounting standards and the U.S. Comptroller's General Government Auditing Standards.

The firm should also list and describe the firm's professional relationships involving the Town of East Lyme or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the Town of East Lyme written notice of any professional relationships entered into during the period of this agreement.

3. *License to Practice in Connecticut*

An affirmative statement should be included indicating that the firm and all assigned key professional staff are qualified to practice in Connecticut.

4. *Firm Qualifications and Experience*

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the staff to be so employed on a part-time basis.

At a minimum, proposers must have at least five (5) years municipal experience as independent auditors for the purpose of rendering an opinion on financial statements. Describe the range of audit, accounting and management services activities performed by the local office.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. *Partner, Supervisory and Staff Qualifications and Experience*

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Connecticut. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement would be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also

be changed for other reasons with the express prior written permission of the Town of East Lyme. However, in either case, the Town of East Lyme, retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the Town of East Lyme, which retains the right to approve or reject replacements.

At a minimum, supervisory member of the audit team, including the "in charge" field auditor, must have a minimum of three (3) years of municipal audit experience.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. *Similar Engagements with Other Government Entities*

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five (5) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

It is not required to submit copies of these reports with the proposal response; however, respondents should be prepared to present copies upon the Town's request.

7. *Audit Approach*

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as the Town of East Lyme's budget and related materials, manuals and programs, and financial and other management information systems.

8. *Identification of Anticipated Potential Audit Problems*

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Town of East Lyme.

C. *Dollar Cost Bid*

1. *Total All-Inclusive Maximum Price*

The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The Town of East Lyme will not be responsible for expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs should not be included in the proposal.

2. *Fixed Fees by Category*

The dollar cost bid should include a schedule of professional fees and expenses; presented in the format provided in the attachment (Appendix B), that supports the total all-inclusive price.

3. *Rates for Additional Professional Services*

If it should become necessary for the Town of East Lyme to request the auditor to render any additional 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 the Town of East Lyme and the firm. Any such additional work agreed to between the Town of East Lyme and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

4. *Manner of Payment*

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month.

VII. EVALUATION PROCEDURES

A. Selection Committee

Proposals submitted will be evaluated by a five (5) member Selection Committee consisting of the Director of Finance, Board of Education Business Manager, two (2) members of the Board of Finance and the First Selectman.

B. Evaluation Criteria

The following represent the principal selection criteria that will be considered during the evaluation process of proposals:

1. The audit firm is independent and licensed to practice in Connecticut.
2. The firm has no conflict of interest with regard to any other work performed by the firm for the Town of East Lyme.
3. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.

4. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
5. The firm's past experience and performance on comparable government engagements.
6. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
7. Experience with the preparation of federal and state financial assistance and related reports.
8. Cost of the audit

C. Oral Presentations

During the evaluation process, the Town of East Lyme may request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Town of East Lyme may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

The Board of Finance of the Town of East Lyme will approve a firm utilizing the recommendations of the Selection Committee.

It is anticipated that a firm will be selected no later than June 30, 2016. Following notification of the firm selected, it is expected a contract will be executed between both parties no later than thirty (30) days of appointment.

E. Right to Reject Proposals

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 the Town of East Lyme and the firm selected.

The Town of East Lyme reserves the right, without prejudice, to reject any or all proposals or parts thereof for any reason, to negotiate changes to proposal terms and to waive minor inconsistencies with the request for proposal.

APPENDIX A

PROPOSER GUARANTEES AND PROPOSER WARRANTIES

Proposer Guarantees

1. The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II, Nature of Services Required.

Proposer Warranties

1. Proposer warrants that it is willing and able to comply with State of Connecticut laws with respect to foreign (non-state of Connecticut) corporations.
2. Proposer warrants that it is willing and able to obtain insurance coverages, as follows:
 - A. Workers Compensation - Coverage will be in accordance with State of Connecticut requirements at the time of bid.
 - B. General Liability – a minimum limit of liability per occurrence of \$1,000,000 for bodily injury and \$100,000 for property damage or \$1,000,000 combined single limit. This insurance shall indicate on the certificate of insurance the following coverages and indicate the policy aggregate limit applying to premises and operations; broad form contractual; independent auditors and subcontractors; products and completed operations.
 - C. Automobile Liability – insurance with a minimum limit of liability per occurrence of \$1,000,000 for bodily injury and \$100,000 for property damage or \$1,000,000 combined single limit. This insurance shall cover any automobile for bodily injury and property damage.
 - D. Professional Liability – insurance with a minimum limit of \$5,000,000 per claim and policy aggregate, to include errors and omissions coverage providing \$5,000,000 of coverage for the willful or negligent acts, or omissions of any officers, employees or agents in conjunction with the services to be provided. Coverage limits shall be \$5,000,000 or more, per occurrences without reduction for claims paid during the policy period.

Verification of Coverage

Upon request, the Auditor shall furnish the Town of East Lyme with certificates of insurance effecting coverage required by this clause. The certificates and endorsements for each

APPENDIX A

PROPOSER GUARANTEES AND PROPOSER WARRANTIES (Continued)

Insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the *Director of Finance* before work commences. Renewal of expiring certificates shall be filed thirty (30) days prior to expiration. The Town of East Lyme reserves the rights to require complete, certified copies of all required policies, at any time.

3. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Town of East Lyme.

4. Proposer warrants that it will not discriminate against any employee or applicant for employment because of sex, race, color, creed, national origin, age, marital status or the presence of any sensory, mental or physical handicap. Any violation of this provision shall be considered a violation of a material provision of this agreement and shall be grounds for cancellation, termination or suspension in whole or in part of the agreement by the Town of East Lyme and may result in ineligibility for further Town contracts. The proposer shall at all times in the proposal and contract process comply with all applicable Town, state, and federal anti-discrimination laws, rules, regulations and requirements thereof.

5. Proposer warrants all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX B

FIXED FEES

To be submitted in a **separate envelope.**

Firm's Name:

Location of office staffing the audit:

Number of Municipal professional audit staff at this

Number of Municipal audit staff to be assigned

assigned location: _____

to Town: _____

FIXED FEES

Town of East Lyme	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Financial Report Audit					
Federal & State Single Audit					
ED001 Agreed Upon Procedures					
TOTAL					

Water and Sewer Fund	Year 1	Year 2	Year 3	Year 4	Year 5
TOTAL					

APPENDIX B
FIXED FEES (Continued)

Rate for hours in excess of those above or for services outside the specified scope:

	Rate Per Hour
Partner	\$
Manager	\$
Staff	\$
Other	\$

Submitted By _____

Date _____

Signature _____

Title _____

Telephone _____

Fax _____

APPENDIX C
SUMMARY OF ITEMS TO BE INCLUDED IN THE REQUEST FOR PROPOSAL

Your request for proposal must include the following items:

Envelope 1 (Technical Proposal)

- Five (5) copies of the Technical Proposal
- Five (5) executed copies of Proposer Guarantees and Proposer Warranties (Appendix A)

Envelope 2 (Dollar Cost Bid)

- Five (5) copies of the fixed fees (Appendix B)