

Request for Proposals for  
Audit Services

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Vermont  
Bond Bank

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## INTRODUCTION

The Vermont Municipal Bond Bank (“Bond Bank”) is seeking proposals from qualified certified public accounting firms to audit its financial statements for the year ending December 31, 2022, with the options of auditing its financial statements for each of the subsequent five years. These audits are to be performed in accordance with generally accepted auditing standards, Governmental Auditing Standards and possibly federal Single Audit Act and US Office of Management and Budget (OMB) Circular A-128 Audits of State and Local Governments, if or when government funds are received.

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

All proposals submitted become the property of the Bond Bank. The Bond Bank is a public instrumentality and is subject to Vermont public records laws. Proprietary information, if any, should be identified in each proposal.

## ISSUER OVERVIEW

The Bond Bank was created by the Vermont General Assembly in 1969 to assist eligible governmental units access public financing markets.

The Bond Bank provides municipal loans for local infrastructure projects through the Pooled Loan Program under its General Bond Resolution adopted in 1988 (the “1988 Resolution”). Loans are primarily financed through the Bond Bank’s issuance of publicly offered tax-exempt bonds. On an on-going basis, the Bond Bank services its loans and provides outreach and planning assistance to potential borrowers.

The Bond Bank also co-manages the State of Vermont’s (the “State’s”) Clean Water and Drinking Water Revolving Funds with the Department of Environmental Conservation. Loans are issued for the planning and construction of municipal drinking water and clean water projects. The program is currently unleveraged, although significant wastewater and stormwater investments are required across the state.

The Bond Bank has a conduit bond program in addition to statutorily mandated programs. To date, this activity is limited to the Vermont State College System 2017 Series A bonds. The bonds under the VSCS Resolution bond benefit from the Vermont State Aid Intercept Program (“Aa2” – Moody’s) that is authorized to be employed by the Bond Bank under statute and a Memorandum of Agreement with the State Treasurer.

None of the funds and accounts established under the 1988 Resolution, or any other funds of the Bank not held under the General Resolution for VSCS Program, are pledged to the VSCS Program.

The Bond Bank has a memorandum of understanding with a related party, Vermont Health Building Financing Agency (VEHBFA), for general and administrative services. VEHBFA provides tax-exempt conduit debt access for capital expenditure and refinancing of indebtedness for eligible 501(c)(3) Vermont health care, educational institutions, and private libraries. Debt issued by VEHBFA does not constitute debt of the State of Vermont, its legislature, or any political subdivision.

Payments on the VEBFA debt instruments are solely the responsibility of the borrowers and trustees holding the related assets. VEBFA has no general liability with respect to these obligations and has no beneficial interest in the assets held by trustees. As a result, the obligations are not reported as liabilities in the audited financial statements.

Please visit [www.vtbondbank.org](http://www.vtbondbank.org) or [www.vehbfa.org](http://www.vehbfa.org) for more information and prior audits.

#### DIRECTORS & OFFICERS

The Bond Bank is governed by a five-member Board of Directors with four appointed by the Governor and the State Treasurer as an ex-officio member.

**Debbie Winters**  
**David Coates**  
**Mary Alice McKenzie**  
**Mark Foley**

#### **Mission**

*To assist Vermont’s municipalities and other qualified public bodies in gaining access to affordable, innovative and appropriate financing to meet their capital needs*

**State Treasurer**  
**Beth Pearce**

#### **Vision**

*To support Vermont’s municipalities and other qualified bodies in making informed and knowledgeable financing decisions for present and future generations*

#### HISTORY

The Bond Bank is a highly rated (“Aa2” – Moody’s and “AA+” – S&P) issuer with regular debt issuances. To date, The Bond Bank has issued nearly \$2.6 billion in bonds in support of local infrastructure projects across Vermont through its Pooled Loan Program.

The Bond Bank had \$551 million in bonds outstanding as of December 31, 2021.

#### WHO WE SERVE

The Bond Bank’s bond related activity is concentrated in the Pooled Loan Program, which provides loans to governmental units throughout the state. Borrowers can include any county, municipality, school district, or other public body. Bonds related to the Pooled Loan Program benefit both from a state intercept and moral obligation pledge from the State.

Loans within the program support social and physical infrastructure around the state and are distinct from programmatic requirements and infrastructure within the Clean Water and Drinking State Revolving Funds.

#### MINIMUM QUALIFICATIONS

The successful firm will be a firm with considerable experience in local government auditing. The firm will have sufficient depth of staff to provide technical expertise in related advisory areas. The firm will have the ability to provide consulting services in a variety of areas which may be arranged through separate engagements.

## REQUIRED CONTRACT COMPONENTS

The Audit Firm will act in an independent capacity and not as officers or employees the Bond Bank. The Audit Firm shall indemnify, defend, and hold harmless Bond Bank and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the Audit Firm's acts and/or omissions in the performance of this contract.

Before commencing work on this contract, the audit firm must provide evidence of professional insurance.

## RFP OBJECTIVES

The Bond Bank is soliciting a firm to:

1. Audit the financial statements of the Bond Bank and VEHBFA's governmental activities, each major fund, and the aggregate remining fund information in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in Government Auditing Standards and express an opinion as to the compliance of these statements with generally accepted accounting principles.
2. Prepare, edit, and print the financial statements, notes, and all required supplementary schedules and statistical data for the Bond Bank and VEHBFA.
3. Issue a report in accordance with Government Auditing Standards on the Bond Bank and VEHBFA's internal control over financial reporting and results of testing the Bond Bank and VEHBFA's compliance with provisions of laws, regulations, contracts, and/or other matters.

## REPORTING REQUIREMENTS

1. A report of examination of the financial statements stating the scope of the examination and that the audit was performed in accordance with generally accepted auditing standards (or any other appropriate standards, rules, or regulations). This report must include an opinion as to whether the statements conform to generally accepted accounting principles. A signed copy of the opinion plus a signed electronic copy will be required by the Bond Bank. (Additional bound copies of the complete report may be required.)
2. If a single audit is required, a report on internal control and compliance in accordance with the standards for financial and compliance audits contained in the Standards of Audits of Government Organizations, Programs, Activities, and Functions issued by the U.S. General Accounting Office and the Single Audit Act of 1984 (as amended in 1996) provisions of OMB circular A 133 (as revised) (or any other appropriate standards, rules, or regulations). Findings of ineligible expenditures must be represented in enough detail for Bond Bank's management to be able to clearly understand them. A signed copy of the opinion plus a signed electronic copy will be required by the Bond Bank.
3. A letter to management containing comments on compliance, recommendations for improvements, and any other comments deemed pertinent by the auditors and recommendations

affecting the financial statements, internal control, accounting, accounting systems, legality of actions, other instances of noncompliance with laws and regulations, and any other material matters. A signed copy of this letter, plus a signed electronic copy will be required by the Bond Bank.

4. The firm is requested to make a formal presentation on the audit by the partner in charge of the audit (or other audit staff as approved by the Executive Director) to Board of Directors which is normally during a regularly scheduled Board meeting.
5. On-going consent to include the audited financial statements in Bond Bank public bond offerings that typically occur twice annually.

## TIME REQUIREMENTS

### Audit Calendar

The Bond Bank requires conformance with best practices in public finance by completing and filing annual audited financial statements by May 30 each year. All fieldwork must be completed by the auditor and an opinion must be issued by that date. An approximate time schedule for the audit is as follows:

- Interim fieldwork: may begin in November 2022 or as soon as the engagement has been approved. Fieldwork may be performed as agreed upon by auditors and management.
- Post-closing fieldwork may begin in February and must be completed by April 15.
- All audit adjustments must be communicated to the Executive Director by the end of fieldwork. Copies of working papers which support proposed adjustments to the entity's books shall be provided to the Executive Director before the end of post-closing fieldwork.
- Draft of the Management Letter and Single Audit reports (if applicable) are due to the Bond Bank by April 20. The Final Management Letter and Single Audit reports are due to Finance staff by May 1.
- The Audit firm's presentation of the audit report to the Board of Directors is anticipated to be made during the 3<sup>rd</sup> quarter.

## SUBMISSION QUESTIONS

### 1. **Firm Qualifications:**

- 1.1 State the firm's qualifications to perform the Bond Bank's audit, including an affirmative statement that the firm is, in fact, independent of the Bond Bank and is licensed by the State of Vermont to perform such auditing services.
- 1.2 Demonstrate the firm's commitment to stay current with government accounting issues, to providing quality audit and advisory service.
- 1.3 Describe services to be provided by the firm and provide an estimate of what portion of the firm's business is derived from performing municipal audits.
- 1.4 Specify the size, composition and location of the firm's office from which the staff working on the audit are based.
- 1.5 Provide a list of governmental entities in Vermont that have been audited by the firm during the last seven years, the dates of the audit engagement and the names and telephone numbers of the current key contact persons at the entity. Firms with less than seven years' local government experience will not be considered.
- 1.6 Specify the date of the firm's last peer review and provide a copy of the firm's most recent peer review letter.
- 1.7 Provide the nature and status of any and all disciplinary actions undertaken against the firm.
- 1.8 Detail other firm qualifications and experience. Present any additional information, which you feel distinguishes your firm, not including general information publications, brochures and handouts that are redundant with information already provided.

### 2. **Audit Personnel**

- 2.1 Provide brief resumes of the key individuals who will be assigned to this engagement. Include any areas of specialization likely to be of particular interest or concern of the Bond Bank, including municipal experience, governmental accounting, and auditing, continuing professional education and current municipal audit assignments.
- 2.2 Estimate staffing needs, including estimated hours by position and rate for the first year of the audit and the next four years.
- 2.3 Comment on the continuity and qualifications of the staffing for future year audits.
- 2.4 Estimate availability of qualified staff to provide auditing services within the timeframes provided in this RFP.

### 3. **Approach to the Audit**

- 3.1 Provide an outline of the services that you would propose to offer and philosophy of the firm's audit approach, including approach to the management letter and internal control evaluation.
- 3.2 Provide an estimated time schedule for setting up and completing the audit, including estimate of time spent on site for both the interim and year-end fieldwork. The work plan should include time estimates for each significant segment of work and the number and level of staff assigned. Where possible, individual staff members should be named and their titles provided.
- 3.3 Provide samples of planning memorandums and timelines, schedule of documents to be provided by the Bond Bank, working papers and management letters. Provide information on your use of portals for document submission.

### 4. **References**

- 4.1 Provide references from at least three audit clients with similar requirements that have been completed during the past three years, identifying the work performed, the years for which work has been completed, reference contact names and phone numbers.

### 5. **General Fee Statement/Schedule (Exhibit A)**

- 5.1 Provide separate total "Not-to-Exceed" amounts for each year of the 2022 through 2026 audits for both Bond Bank and VEHBFA. It is currently unknown whether the Bond Bank will be required to have a Single Audit for fiscal years 2022 through 2026. Please provide a "Not-to-Exceed" amount for the financial statement audit only, and a separate "Not-to-Exceed" amount for the cost to perform a Single Audit.

### **BID PRICE**

The bid price of audit services for the year ended December 31, 2022 should contain all pricing information relative to performing the audit engagement 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.

In addition, firms submitting proposals should indicate current billing rates for all staff positions in case it becomes necessary for the Bond Bank to request additional services from the selected firm.

Each firm must submit an engagement letter, with the proposal, stating the bid price for performing the 2022 audit. Subsequent years engagement letter will be based on the terms stated in the Terms of Engagement section cited in the General Information portion of this request for proposal.



## EVALUATION

The RFP will be awarded to the firm that gives Bond Bank the most effective combination of qualifications, services, experience, key personnel, and costs. Firms will be notified after formal approval by the Bond Bank Board of Directors.

If applicable, the Executive Director or their designee will conduct negotiations with firms whose proposal, when considered with all other proposals submitted in response to this solicitation, best meet the needs of the Bond Bank at its sole discretion.

## SUBMISSION DETAILS AND DEADLINE

Please limit response to no more than 15 pages. All responses must include a signed copy of the Proposer Warranties included in Attachment A.

Responses to this RFP are due via email to the contact below any time prior to 10:00 pm ET on Friday, September 2<sup>nd</sup>, 2022. Please submit questions in writing to the contact below prior to Friday, August 26<sup>th</sup>, 2022.

Questions & Submission Contact	Submission Contact
Elizabeth King Vermont Municipal Bond Bank elizabeth@vtbondagency.org	Michael Gaughan Vermont Municipal Bond Bank michael@vtbondagency.org

Proposers are expected to be available for in-person interviews on Wednesday, September 17<sup>th</sup>, 2022 from 12:00 pm to 3:00 pm ET in or around Burlington, Vermont. Selected firms will be notified in advance of the date.

The Bond Bank reserves the right to delay, postpone, or not select an Audit Firm. Selection is expected to occur prior to October 31<sup>st</sup>, 2022.

ATTACHMENT A

**PROPOSER WARRANTIES**

- A. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
  
- B. Proposer warrants that it holds all required licenses and authorizations to undertake the services described in this RFP.
  
- C. Proposer warrants that there are no existing or potential conflicts of interest that would prevent the proposer from fully performing the tasks described in the RFP. Should a conflict of interest be discovered, the proposer shall make immediate disclosure to the Bond Bank. Pre-existing conflict of interests should be disclosed in a letter accompanying your firm's response to this RFP. Describe the nature and parties involved in the conflict.

Signature of Representative  
Authorized to Commit Firm: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Firm Name: \_\_\_\_\_

Date: \_\_\_\_\_

EXHIBIT A

**PROFESSIONAL AUDIT SERVICES PRICING FORM**

Company Name: \_\_\_\_\_

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

\_\_\_\_\_

**Audit Services – Annual Amount NOT TO EXCEED**

	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026
Bond Bank AFS	\$	\$	\$	\$	\$
Bond Bank Single Audit (if required)	\$	\$	\$	\$	\$
VEHBFA AFS	\$	\$	\$	\$	\$

**Professional Fees Labor Rates:**

TITLE	HOURLY RATE Initial Term	HOURLY RATE Optional renewal years
PARTNER		
MANAGER		
SUPERVISOR		
OTHER (specify title)		
OTHER (specify title)		

Any and all exceptions to these specifications must be clearly and completely indicated on the proposal sheet. Attach additional pages if necessary.

Authorized Signature: \_\_\_\_\_

Company Name: \_\_\_\_\_

Typed/Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_