



City of Fort Atkinson, Wisconsin Request for Proposal Auditing Services

Date of Issue: September 3, 2019

Proposal must be received by: September 20, 2019

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I. General Information

The City of Fort Atkinson, Wisconsin (City) is requesting proposals for the purpose of retaining a certified public accounting firm (Firm) to audit the City's financial records. The term of the contract with the successful firm will be for the audit of the City's financial records for fiscal year ending December 31, 2019, with the option to renew additional years.

These audits are to be performed in accordance with auditing standards generally accepted in the United States of America. In future years, if the City requires a Single Audit under OMB-A133, then the audits are also to be performed under the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

II. Nature of the Services

A. Entity

The City provides a full range of municipal services normally associated with local government. The City's financial statements include all funds, departments, agencies, boards, commissions and other organizations over which the City of Fort Atkinson officials exercise oversight responsibility.

B. Scope of Work

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

The auditor shall also be responsible for performing certain procedures involving management's discussion and analysis and required supplementary information required by the Governmental Accounting Standards Board.

The auditor is to provide an "in-relation-to" opinion on the combining and individual fund financial statements, schedules and other supplementary information.

If, during the course of the audit, the auditor finds any weaknesses in internal control, the auditor shall summarize such findings and recommendations in the form of a separate management letter to the City of Fort Atkinson.

The auditor shall be available to meet with elected officials at an evening meeting to answer questions regarding the proposal, the completed audit or management letter, if requested.

The auditor in the person of a partner or manager shall be available not only during the audit preparation period, but also on an as-needed basis to answer questions or provide guidance on any particular issues that may arise throughout the contract period.

Below is a list of services to be provided by the Firm.

- City audit – includes all non-utility funds
- Utility audit – includes water, sewer and stormwater
- Assist with Management's Discussion and Analysis
- Evaluation of component unit not currently presented in financial statements (Historical Society)
- Preparation of basic financial statements.
- Preparation of conversion entries for governmental activities
- Record activity for Library Trust and Museum Trust
- Reclassification adjustments for certain accrual entries not made on system
- State financial Report Form C preparation
- PSC report preparation and filling
- Assist with implementation of and preparation for new GASB statements

- Provide workpaper tools and templates and assist city staff with modifications of existing workpapers as needed (i.e. GASB 68 – pensions, GASB 75 – OPEBs, general capital assets, and infrastructure)
- Other miscellaneous questions from city staff throughout the year (ie – debt entries, considerations for new funds and account numbers, enhancements to internal controls, single audit requirements)

Other services to be provided as needed and at additional cost.

- WEDC Examination
- TIF District compliance audits
- Rate studies

C. Other Key Information

The Financial Statements for the year ended December 31, 2018 is available and the City's 2019 budget is available on-line at the City's website at www.fortatkinsonwi.net. Descriptions of the funds, joint ventures and reporting entity can be obtained by reviewing these documents. It is the City's intention to retain the same fund structure as in the past.

All portions of the Financial Statements with the exception of portions of the Manager's Discussion and Analysis will be prepared by Auditor's Staff.

III. Description of the City of Fort Atkinson

A. The City

The City operates under the Manager form of government. Under this form of government, a five-member Council is elected at large and on a non-partisan basis. The Council President who is selected by and among the five council members presides at Council meetings and votes on all matters. Annual elections are held in April. The terms of office are two years but are overlapping so that the City is provided with a continuity of knowledge in the City business and legislative matters.

The City has approximately 90 full-time equivalent employees. Of those employees, the City's Clerk/Treasurer Department is primarily responsible for all accounting work, includes Clerk/Treasurer, Deputy Clerk, Deputy Treasurer and Utility Billing Clerk. Since 2017, the City has used Caselle Connect as its primary accounting software.

B. Accounting Principles

The City follows generally accepted accounting principles as applicable to governmental units in the preparation of its financial statements. The modified accrual basis of accounting is used for all governmental funds. The accrual basis is used for all proprietary funds.

Expenditure and expense transactions are generally recorded as incurred during the year. Capital asset changes and depreciation are recorded as year-end adjustments. Revenues are generally recorded during the year on a cash basis and adjusted to accrual at year-end. The notes to the financial statements include a summary of significant accounting policies.

IV. Estimated Timeline

The City intends to use the following timetable for evaluation and selection of an auditing firm:

Description	Date
RFP's released	Tuesday September 3, 2019
Proposals Due	5:00 pm Friday September 20, 2019
Review period	September 23, 2019 - October 4, 2019
Recommendation to Finance Committee	Week of October 7, 2019
City Board Award of Contract	Anticipated October 15, 2019

All questions should be e-mailed to the City's Clerk/Treasurer Michelle Ebbert, at miebbert@fortatkinsonwi.net. The Clerk/Treasurer will provide an e-mail response as soon as practicable.

The above timetable for review by the City is subject to change. The City will not be legally obligated to adhere to the dates for review, recommendations and award.

V. Instructions to Firms

A. Proposal Submission

All responses must be addressed to, and mailed or delivered to:

City of Fort Atkinson
Clerk/Treasurer
101 N. Main Street
Fort Atkinson, WI 53538

All proposals must be in writing, must be in a sealed envelope and clearly marked in the lower left corner: "Auditing Services Proposals." **All proposals must be received by 5:00 pm Friday September 20, 2019. Proposals received after that date and time will be rejected.** Proposals will not be opened publicly.

Please provide one (1) original and two (2) copies of each proposal.

This RFP does not commit the City to award a contract, to pay any costs incurred in the preparation of a response to this request or to procure or contract for services or supplies. The City reserves the right to accept or reject any or all proposals received as a result of this request, to waive minor irregularities in the procedure, to negotiate with any qualified source, or to cancel in part or in its entirety, this RFP, if it is in the best interest of the City of Fort Atkinson to do so. The City may require the Firms selected to participate in negotiations, and to submit such price, technical or other revisions in their proposal as may result from negotiations.

B. Amendment

Amendment of proposals may be done as follows:

By City: Proposals may be amended by the City in response to need for further clarification, specifications and/or requirements changes, new opening date, etc. Copies of the amendment will be mailed to prospective vendors and must be signed and returned by the vendor as specified in the amendment.

By Firm: Proposals may only be amended after receipt by the City by submitting a later dated proposal that specifically states that it is amending an earlier proposal. No proposal may be amended after the opening date unless requested by the City.

Proposals may be withdrawn only in total, and only by a written request to the City prior to the time and date scheduled for opening of proposals.

C. Outline of Proposal

In order for the committee to adequately compare proposals and evaluate them uniformly and objectively, all proposals must be submitted according to this format. Each proposal should be bound, include a table of contents, be page numbered and should follow the order listed below. There are to be no costs/fees charged for the preparation of the proposal.

Your proposal should provide a straightforward, concise description of the proposed delivery of services and your ability to achieve the same in the format provided. Emphasis should be on completeness and clarity. Unnecessarily elaborate brochures, artwork or other presentations beyond that sufficient to present a complete and effective proposal is not desired.

1. Title Page

The proposal should identify the subject, the name of the Firm, address, telephone number, fax number, e-mail address, name and title of the contact person, and date of submission. The response should confirm that the proposal is effective for ninety (90) days from the date submitted.

2. Table of Contents

The table of contents of the proposal should include a clear and complete identification of the material submitted by page number.

3. Letter of Transmittal

Briefly outline and summarize the key elements of the proposal as to experience, qualifications, references, technical expertise, audit standards, understanding of the work to be performed, timing and fee.

4. Certification of License to Practice in Wisconsin

Firm must affirm that they are licensed to practice as Certified Public Accountants in the State of Wisconsin. Firm must also affirm that they do not have a history of substandard work.

5. Certification of Independence

Firm must certify that the firm, partners and all staff members assigned to the engagement are free from impairments to independence with respect to the City of Fort Atkinson, as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards. Firm must commit to maintaining an independent attitude and appearance through the full term of the engagement.

6. Profile of the Firm

- a) Describe the types of services provided and locations of the firm.
- b) State the location of the office the work will be completed from. Please include the total number of audit partners and professional staff working from that office as well as audit partners and professional staff solely dedicated to audits under GASB standards.

- c) Identify the Partners, Managers/Supervisors and In-Charge Accountants who will perform the audit. Include resumes of all key staff members to be assigned to the audit, detailing educational background, years of experience and client names for audits similar to the proposed engagement. The Firm shall not replace any key staff member without approval of the City, whose approval will not be reasonably withheld. The resumes may be included as an appendix.
- d) Describe firm audit experience similar to the proposed engagement. (Multi-office firms should discuss experience for only the office of the firm from which the personnel will be assigned.) Provide client names, contact persons and telephone numbers of all municipal audit clients who have been served in the last two years – at least five references shall be provided. Also provide one copy of a recent set of financial statements, including all applicable disclosures, for which an audit report was issued by your firm.
- e) Discuss governmental industry experience in terms of years of service, training, organizational involvement, etc.
- f) Any other information relevant to the Firm’s qualifications for the proposed engagement.

7. Firm’s Approach to the Engagement

The City understands the needs to keep certain information proprietary as well as the need to conduct the audit with an element of unpredictability. However, please provide some description of how the firm conducts internal review processes, fieldwork, wrap up, typical assistance expected and audit approach.

8. Estimate of Hours

Please provide in the following format the estimated number of hours by employee level:

<u>Employee Level</u>	<u>2019 Hours</u>
Partner	
Senior Manager	
Manager	
Supervisor/Senior	
Experienced Staff	
New Staff	
Clerical	
Total	

Due to differences between firm titling, please also provide a general description of the years of experience or criteria used to differentiate between levels of staffing used.

9. Annual Audit Timing

The City anticipates being ready for final fieldwork at approximately the second week in February. While the City does not require that fieldwork begin at that time, the following deadlines for completion of audit work are expected, unless the City has caused the audit period to be longer.

<u>Description</u>	<u>Date</u>
Draft report reviewed	May 15
Management letter draft	May 29

Failure to deliver a final report in a timely manner may result in reducing the term of the engagement.

10. Fees and Billings

It is the intention of the City to retain the same audit firm for several years. Provide a maximum "not-to-exceed" fee for the next three years, inclusive of all costs. Any other services outside the scope of this request would be negotiated separately.

Describe the circumstances under which you would propose to increase the fees, and how you would communicate such a potential increase to the City of Fort Atkinson.

Also please provide a schedule of hourly billing rates should the City expand the scope of the audit or require additional services, in the following format:

<u>Employee Level</u>	<u>2019 Hours</u>
Partner	
Senior Manager	
Manager	
Supervisor/Senior	
Experienced Staff	
New Staff	
Clerical	
Total	

VI. **Term and Conditions**

Insurance

All proposals must include either a description of the firm's insurance or a certificate of insurance outlining the firm's insurance policies which evidence compliance with the requirements contained herein. The successful Firm shall agree that it will, at all times during the term of the agreement, keep in force and effect insurance policies required by the contract, issued by a company or companies authorized to do business in the State of Wisconsin and satisfactory to the City. Such insurance shall be primary. Prior to execution of the written contract, the successful Firm shall furnish the City with a Certificate of Insurance listing the City as an additional insured and upon request, certified copies of the required insurance policies. The Certificate shall reference the contract and provide for thirty (30) days advance notice of cancellation or nonrenewal during the term of the agreement.

Failure to submit an insurance certificate, as required, can make the contract voidable at the City's discretion. Additionally, the Firm shall not allow any subcontractor to commence work until the aforementioned documents, where applicable, have been obtained from the subcontractor and approved by City of Fort Atkinson.

Nondiscrimination

In connection with the performance of work under this agreement, the Firm agrees not to discriminate against any employee or applicant for employment because of age, race, religion, color, marital status, sexual orientation, sex, disability, national origin or ancestry. This provision must be included in all subcontracts.

Assignment or Subcontract

This contract may not be assigned or subcontracted by the Firm without the written consent of the City.

Independent Contractor Status

The Firm agrees that it is an independent Contractor with respect to the services provided pursuant to this agreement. Nothing in this agreement shall be considered to create the relationship of employer and employee between the parties.

Amendments to Contract

This contract may be modified only by written amendment to the contract, signed by both parties.

Waiver

One or more waivers by any party of any term of the contract will not be construed as a waiver of a subsequent breach of the same or any other term. The consent or approval given by any party with respect to any act by the other party requiring such consent or approval shall not be deemed to waive the need for further consent or approval of any subsequent similar act by such party.

Indemnification and Defense of Suits

The Firm agrees to indemnify, hold harmless, and defend the City, its officers, agents and employees from any and all liability including claims, demands, damages, actions or causes of action, together with any and all losses, costs, or expense, including attorney fees, where such liability is founded upon or grows out of the acts, errors, or omissions of the Firm, its employees, agents or subcontractors.

Contract Period

The term of this contract will be for one (1) year. Additional years can be added as an option to be exercised at the City's discretion following the initial one (1) year contract.

Termination of Contract for Cause

If through any cause, the Firm shall fail to fulfill in timely and proper manner his obligations under this contract, or if the Firm shall violate any of the covenants, agreements or stipulations of this contract, the City shall thereupon have the right to terminate this Contract by giving written notice to the Firm specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, reports or other materials related to the services prepared by the Contractor under this contract shall, at the option of the City, become the property of the City of Fort Atkinson.

Notwithstanding the above, the Firm shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of the contract by the Firm, and the City may withhold any payments to the Firm for the purpose of set off until such time as the exact amount of damages due to the City from the Firm is determined.

Working Papers

Audit working papers must be retained for at least seven years from the final year of the audit engagement, and be made available for examination by authorized representatives of the cognizant federal or state audit agencies, General Accounting Office, the City, successor auditors (if appointed), and/or any other parties authorized by the City of Fort Atkinson.

VII. Professional Services Contract

If your proposal is accepted and a contract is issued, then this Request for Proposal and all documents attached hereto including any amendments, the Firm's technical and price proposals, and any other written offers/clarifications made by the Firm and accepted by the City, will be incorporated into a contract between the City and the Firm, it shall contain all the terms and conditions agreed on by the parties hereto, and no other agreement regarding the subject matter of this proposal shall be determined to exist or bind any of the parties hereto.

The submission of a proposal shall be considered as a representation that the Firm has carefully investigated all conditions, has full knowledge of the scope, nature and quality of work required, and is familiar with all applicable State, Federal and Local regulations that affect, or may at some future date affect the performance of this contract.

Acceptance of this proposal will take place only upon award by the City Board, execution of the contract by the proper City officials, and delivery of the fully-executed contract to the Firm. Acceptance may be revoked at any time prior to delivery of the fully-executed contract to the successful Firm. The contract may be amended only by written agreement between the Firm and the City of Fort Atkinson.