



January 24, 2019

**REQUEST FOR PROPOSALS (RFP)**

The City of North Liberty will receive proposals for audit services relating to the audit for the upcoming five fiscal years ending June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022 and June 30, 2023. Attached is information relating to minimum specifications of services, data to be included in the proposal, evaluation criteria, and selected information relating to the entity to be audited.

Sealed proposals (one copy) will be accepted until 4:00 p.m., March 1, 2019 at the office of the City Clerk, 3 Quail Creek Circle in North Liberty, Iowa. If mailed, the proposals should be mailed to:

City of North Liberty

Attn: City Clerk

P.O. Box 77

North Liberty, IA 52317

Those submitting sealed proposals should indicate on the outside of the envelope in the lower left-hand corner that it is a sealed proposal for the Audit RFP and the name of the firm submitting the proposal.

The contract for services will be awarded by April 1, 2019.

Further information may be obtained from the City Clerk at 319/626-5712 or [tmulcahey@northlibertyiowa.org](mailto:tmulcahey@northlibertyiowa.org).

## I. SPECIFIC REQUIREMENTS

1. The City of North Liberty reserves the right to reject any and all proposals received.
2. Only proposals received at the location described and in the timeframe given will be considered.
3. The original and one copy of the enclosed contract should be completed and manually signed by a partner of the firm submitting the proposal.
4. The audit shall be performed in accordance with the following:
  - U.S. generally accepted auditing standards.
  - The standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.
  - The Single Audit Act Amendments of 1996 and Title 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), when applicable.
5. The fees quoted in your proposal and included in the contract will be the maximum paid per hour and in total, unless an amendment to the contract is completed by both parties.
6. The audit report should conform to:
  - Reporting formats specified by the Auditor of State's office.
  - AICPA Audit Guides.
  - Governmental Accounting Standards Board reporting requirements.
  - The requirements of the Single Audit Act Amendments of 1996 Title 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), when applicable.
7. The audit report should include a management letter, if appropriate, which includes recommendations related to the financial statements, internal control, accounting systems, and compliance issues.
8. Bound copies of the report, including the management letter, in a quantity sufficient to meet the needs of the City of North Liberty are required to be provided by the firm awarded the contract. In addition, arrangements to make the report available in electronic format would be appreciated.
9. One bound copy of the report, including the management letter, a detailed per diem audit bill, and a copy of the news release shall be provided to the Auditor of State upon release of the reports to the entity. In addition, a searchable PDF of the report, the management letter, the per diem audit bill and the news release shall be provided to the Auditor of State.

## II. DATA TO BE INCLUDED IN PROPOSAL

In order to simplify the review process and to obtain the maximum degree of comparability, the proposal should include the following items and be organized in the manner specified below.

### A. Letter of Transmittal

A letter of transmittal briefly outlining the proposer's understanding of the work and general information regarding the firm and individuals to be involved is permitted, but not required, if it is limited to not more than two pages. If a transmittal letter is presented, it should clearly set forth the local address of the office of the firm to be performing the work, the telephone number, and the name of the contact person.

### B. Table of Contents

Include a table of contents which identifies the material by section, page number and a reference to the following information to be contained in the proposal. If a transmittal letter is not submitted, please include on the table of contents the local address of the office to be performing the work, the telephone number, and the name of the contact person.

### C. Profile of Firm Proposing

- 1.State whether the firm is a local, national or international firm and a brief description of the size of the firm.
- 2.State whether the firm is in compliance with the registration requirements to engage in the practice of public accounting within Iowa.
- 3.State whether the firm is independent of the entity to be audited in accordance with Government Auditing Standards.
- 4.Describe the local office from which the work is to be performed.
  - a. Location of the office.
  - b. Current size of the office.
  - c. Size of professional staff by level, such as partner, manager and supervisor, senior, and other professional staff.
  - d. Number of CPA's in the office.
- 5.Submit any other information required to describe the office which will be performing the work.

### D. Qualifications

- 1.Describe the recent local office auditing experience in similar types of audits to which the proposal relates. If appropriate, include regional experience in auditing similar types of entities. If desired, it is permissible to include your five largest clients that are not governmental clients.

## II. DATA TO BE INCLUDED IN PROPOSAL

(Continued)

### D. **Qualifications** (continued)

2. Include resumes of all key professional members who will be assigned to the audit. Resumes should be included for all members of the audit team from the audit partner through at least the on-site in-charge accountant. The resumes should include:
  - a. The amount of experience the individual has had in the auditing profession.
  - b. A summary of similar audits on which the individual has worked.
  - c. A summary of the continuing professional education the individual has had in governmental accounting and auditing during the last two years.
  - d. A statement as to whether the individual is independent, as defined by Government Auditing Standards.
3. Describe the firm's policy on notification of changes in key personnel.
4. Provide a listing of or the number of professionals in the office who are experienced in governmental auditing.
5. Describe the availability of individuals within the firm who are primarily involved in governmental auditing and reporting and with whom the audit team may consult.
6. Describe briefly the firm's system of quality control to ensure that the audit is adequately performed.

### E. **Scope of Services and Proposed Project Schedule**

Briefly describe your understanding of the scope of services to be provided. Indicate a proposed time schedule for completing the work, assuming the contract will be issued on the date given in the cover letter. Include the approximate dates you would perform fieldwork, office review, and report preparation and the latest delivery date of the final report. **The final audit report should be ready for Council consideration no later than the first Council meeting in January after the close of the audited fiscal year.**

### F. **Fees and Compensation**

Provide the following information:

1. Estimated total hours.
2. Estimated out-of-pocket expenses.
3. Hourly rate by staff classification.
4. All-inclusive maximum fee and out-of-pocket expenses, which will not be exceeded.
5. Frequency and timing of your billing process.

### III. EVALUATION CRITERIA

The proposal will be evaluated based upon the following two areas. Therefore, it is important that your proposal be responsive to the data requested.

1. Cost

Overall cost, including out-of-pocket expenses for performance of the audit.

2. Qualifications

- a. Organizational structure and size of the firm.
- b. Organizational structure and size of the office performing the audit.
- c. Recent experience in similar audits.
- d. Qualifications of the audit team.
- e. Individuals with whom the audit team can consult.
- f. Understanding of work and timetable to complete the audit.

#### IV. ENTITY PROFILE

The City of North Liberty is one of the fastest growing communities in the State of Iowa. North Liberty was first incorporated in 1913 and operates under the Mayor-Council form of government. The City provides numerous services to the citizens including public safety, public works, health and social services, culture and recreation, community and economic development, utilities and general government services. The periods of audit requested are the current fiscal year and the next four, 2019, 2020, 2021 and 2022. The contract will be through the completion of the June 30, 2022 audit. The City has a variety of funds that require audit. Projects and grants vary from year to year. The major governmental funds include the General Fund, Urban Renewal Tax Increment, Road Use Tax Fund, Debt Service Fund and varying Capital Project funds. Major proprietary funds include Water Enterprise and Sewer Enterprise. Typically, a Federal Single Audit is required for the City. The City has accounting records in the accounting software dating back to 2006. Currently, the city's financial system is Incode. An RFP was recently issued seeking proposals for a new financial accounting system. Those proposals are being evaluated. City staff assisting the Auditor will provide appropriate contact information for federal cognizant or oversight agency. Prior audit reports are readily available. Working papers will be requested from the City's current auditor, if necessary.

Accounting principles to be followed are non-GAAP. The City accounts are on a cash basis. City Staff from Administration, Utility Billing, Accounts Payable and Human Resources are readily available to the auditor during the audit process. End of year financial reports will be provided to the Auditing Firm. All financial information is provided in electronic format on a portable drive. The scope of Audit work will include drafting the Basic Financial Statements (Government-wide Financial Statement: Cash Basis Statement of Activities and Net Position; Governmental Fund Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances; Proprietary Fund Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances; and Notes to Financial Statements); Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds; Notes to other information – Budgetary Reporting Schedule of the City's Proportionate Share of the Net Pension Liability; Schedule of City Contributions Notes to other information - Pension Liability; Schedule of Cash Receipts, Disbursements and Changes in Cash Balances – Governmental Funds – General Fund Detail, Nonmajor Governmental Funds, Capital Project Funds, Proprietary Funds, Nonmajor Proprietary Funds; Schedule of indebtedness; Bond and Note Maturities, Schedule of receipts by source and disbursements by Function – All Governmental funds; Schedule of Expenditures of Federal Awards; Notes to the Schedule of Expenditures of Federal Awards; Report on internal control over financial reporting and on compliance and other matters based on the Audit of the Financial Statements; Report on compliance for Federal Grants (in applicable years); and a schedule of findings and questioned costs. Additional reports may be added per the Auditor's request, if deemed necessary. When the audit is complete, one paper copy and one electronic, text-searchable document should be provided to the City. Work space will be provided on a scheduled basis. The City is limited for space that can be committed for long stretches of time. The best accommodation will be made within the demands of City functions. Both the City and the Auditor should expect to be flexible in the accommodations. Copying and scanning capabilities are available. An exit conference with upper management and an elected official is expected prior to the completion of the audit.

The City Council will award the approved contract at the next appropriate meeting before April 1, 2019. Records will be available to the Auditor no later than August 1, 2019 with staff being ready for the audit to begin immediately after. The final report is required to be approved by the City Council no later than the first meeting in January after the close of the fiscal year to comply with Continuing Disclosure requirements. Working papers are required to be maintained for five years from the date of the close of the audit. Working papers should be made available as required by cognizant or oversight agency or in the event of a transition to a new auditing firm.

AGREEMENT BETWEEN  
The City of North Liberty  
AND

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THIS AGREEMENT made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between the City of North Liberty, hereinafter called "the City" and \_\_\_\_\_, hereinafter called "CPA."

WHEREAS, the City wishes to obtain the services of the CPA to perform an audit in accordance with Section 11.6, Code of Iowa, for the five years ending June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022 and June 30, 2023; and

WHEREAS, the CPA is equipped and staffed to perform the above audit; and

WHEREAS, this agreement is in the public interest in fulfilling the requirements of Chapter 11 of the Code of Iowa.

NOW, THEREFORE, BE IT UNDERSTOOD AND AGREED:

1. That the CPA will:
  - A. Provide auditors of various classifications and for the estimated hours as detailed in 2.A of this agreement.
  - B. Begin work on the audit as specifically agreed upon with the City.
  - C. Perform all work in accordance with U.S. generally accepted auditing standards, Government Auditing Standards, and applicable federal requirements.
  - D. Immediately inform the City, the Auditor of State, and County Attorney if the audit discloses any irregularity in the collection or disbursement of public funds.
  - E. Provide access to the working papers to any appropriate federal agencies for the period of time specified in relevant agreements entered into by the City.
  - F. Provide access to the working papers to the Auditor of State in accordance with Chapter 11 of the Code of Iowa.

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2. Conditions of Payment:
  - A. It is understood that the fees for the services set forth above shall be reimbursed at the following hourly rates:

Classification	Estimated Hours	Hourly Rate
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- B. The CPA shall present an invoice for services in the following manner: electronically to Accounts Payable at JDykstra@NorthLibertyIowa.org.
- C. Payment shall be made within 30 days of receipt of invoice.
- D. The total reimbursement shall not be for more than \$\_\_\_\_\_, except as specifically agreed by the City and the CPA.

3. Termination of Agreement:

- A. The City may terminate this contract without notice if the CPA fails to perform the covenants or agreements contained herein.
- B. The CPA shall be paid for all work satisfactorily performed to the date of termination.

IT WITNESS THEREOF, the City and CPA have executed this AGREEMENT as of the date indicated below:

CPA

CITY

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_