

CITY OF BELVIDERE

REQUEST FOR PROPOSALS FOR PROFESSIONAL INDEPENDENT AUDIT SERVICES

Section 1- Introduction

You are invited to submit a proposal to furnish independent audit services to the City of Belvidere. The purpose of these audit services will be to express an opinion on the fairness of the presentation of the City's basic annual financial statements for the fiscal years ending April 30, 2016, 2017, and 2018, in conformity with generally accepted accounting principles, to submit to the City Council a management letter advising of opportunities observed during the audit for economies and efficiencies in operations and improvements in internal control. We are requesting each firm to provide a proposal on the work to be performed and reports to be provided as outlined in Sections II through XI. Questions regarding this proposal should be directed in writing to:

Becky Tobin, Budget/Finance Officer
City of Belvidere
401 Whitney Blvd.
Belvidere, IL 61008
btobin@ci.belvidere.il.us

There is no expressed or implied obligation for the City of Belvidere to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Proposals submitted will be evaluated by City Staff with a recommendation provided to the City Council. To be considered, 6 copies of the proposal must be received by the Budget/Finance Officer by January 28, 2016. The City reserves the right to reject any or all proposals submitted.

Section II- Description of Entity and Records to be Audited

The City of Belvidere is a home-rule community incorporated in 1881 under the laws of the State of Illinois. The City has a population of 25,585 as certified by the 2010 census. The City has 114 full-time employees (not including elected officials) and the Library has 7 full-time and 12 part-time employees.

The City's annual General Fund budget is over \$17 million. The City also has a Water and Sewer Department (annual budget \$8.5 million), three TIF districts, two Special Services Areas, Escrow Fund, Police and Fire Pensions, and the Library is a Component Unit. The Police and Fire

Pension Fund work papers/financials are prepared by Reilly, Penner, and Benton LLP and included in the City's annual audit.

The City's annual budget is adopted in March of each year, effective May 1 of the upcoming fiscal year, and is adopted by Budget Ordinance. A copy of the April 30, 2015 Audit Report and a copy of the FY 15/FY16 Budget can be found on the City website: www.ci.belvidere.il.us. Please click on News and then scroll down to Finance Information where you will see the above indicated information.

Debt Service

In the General Fund, the City has a general obligation debt certificate, Series 2005, which matures in 2025. There is also a Brownfield Revolving Loan from the state which matures in 2031.

The City has one outstanding Water/Sewer bond issue. It is a revenue series 2004 bond that was refinanced in 2013 through private placement and matures in 2020. The City also has an IEPA Wastewater Treatment Works Loan from the state that matures in 2033.

Data Processing

Computerized processing of the general ledger, payroll, cash receipts, and cash disbursements are maintained by the City using Incode, a Tyler Technologies product.

City Council

The current Mayor took office on May 1, 2013. The City Council consists of 10 elected officials serving 4 year staggered terms.

Section III- Nature of Services Required

Scope of Proposed Audit

At this time, the City of Belvidere is not subject to the audit requirements of the Single Audit Act and OMB Circular A-133 however there is a possibility those requirements may be necessary in other fiscal years.

The independent auditor shall express an opinion on the Financial Statements and on the individual funds, and accept "in relation to" responsibility for any supplemental data. If an unqualified opinion cannot be expressed, the independent auditor shall bring such matter to the attention of the City before finalization of the report to determine whether or not the problems leading to such qualification can be resolved.

The City's auditor shall determine whether the financial statements of the City present fairly its financial position and results of its financial operations in accordance with generally accepted accounting principles (GAAP).

The successful proposer is expected to attend a City Council meeting as determined by the City, to present the results of the audit and management letter.

Reports Required

The City acknowledges its responsibility for the reliability, accuracy, and completeness of all financial statements. However, proposers should be aware that drafting, typing, and binding the audited annual financial report, including all financial statements, notes thereto and supporting exhibits will be the responsibility of the successful proposer.

The successful proposer shall issue the following reports:

- 1 electronic copy of the Audited Financial Report
- 18 hard copies of the Audited Financial Report
- 1 Electronic Copy of the Management Letter
- 18 hard copies of the Management Letter

The successful proposer will prepare the State of Illinois Comptroller's Report.

Technical Standards

The examination shall be made in accordance with generally accepted auditing standards (GAAS), the pronouncements of the Governmental Accounting Standards Board (GASB) and the requirements of the American Institute of Certified Public Accountants (AICPA) "Audit of State and Local Government Units".

All proposers shall be in compliance with all federal, state, and local laws.

Working Papers

Audit working papers shall be retained by the successful proposer for at least 5 years following the close of the fiscal year to which the papers pertain.

Audit working papers shall be made available for examination by authorized representatives of the cognizant federal audit agency, the U.S. General Accounting Office, the Comptroller of the State of Illinois, and by the City.

The successful proposer shall furnish the City with one copy of the working papers(s) upon request of the City with reasonable notice.

Progress Reports

Written progress reports shall be submitted to the Budget/Finance Officer as may be requested during the course of the audit and reporting preparation, but not more than monthly. The City staff and the successful proposer shall meet informally throughout this period to discuss the progress. The auditor shall promptly notify the Mayor of any suspicion of fraud, defalcation, or

misapplication of funds. Such notice shall be in addition to any notice to grantors required by single audit legislation, if applicable.

Section IV- Period of Audit and Term of Engagement

The initial audit period is for the fiscal year starting May 1, 2015 and ending April 30, 2016. Proposers should submit cost proposals for this initial audit period and for the next two fiscal years ending April 30, 2017 and 2018.

Section V- City Responsibility

Prepare and type confirmation letters

Prepare trial balances for all funds

Provide budget figures in the format used in the Budget Ordinance

Provide analysis schedules: revenues, expenditures, investment, A/P, A/R, fixed assets

A list of supporting work expected to be provided by the City should be described in the proposal. The Budget/Finance Officer will provide work space convenient to the Finance Department. However, calculators, computers, and other office equipment and supplies are to be furnished by the independent auditor.

Proposal Schedule

Release of RFP to Vendors	1/11/16
Proposal Due Date	1/28/16
Interviews with Selected Proposers	Week of Feb. 1 and Feb. 8
Finance and Personnel Meeting	2/22/16
Contract Award by City Council	3/07/16

Audit Schedule

Preliminary Field Work	TBD*
Mail Confirmation Letters	TBD*
Trial Balances Completed by City	TBD*
Field Work Start	TBD*
Draft Audit Report and Management Letter	TBD*
Audit Report & Management Letter to City Council	TBD*
Audit Report presented to City Council	TBD*

*To Be Determined based on mutually agreed dates

The audit schedule due dates are subject to change upon agreement between the City and

successful proposer. However, the Audit Report and management letter will be completed no later than October 31st of each year.

Section VII- Contractual Arrangements

As required in Section VII below, proposers are to state separate “not to exceed fees” for performing the services described herein for each of the City fiscal years ending April 30, 2016, 2017, and 2018. By acceptance of the proposal, the City will contract with the successful proposer for audit services for the fiscal year ending April 30, 2016. The City may, at its exclusive option each successive year, contract with the successful proposer for audit services for any subsequent fiscal year through April 30, 2018, at the “not to exceed” fees stated in the proposal. It is the City’s desire and expectation that the successful proposer will be retained for three years.

Audit services performed for the audit period shall be paid by the City following submission of an invoice from the auditor which shall state the hours worked by each staff member assigned to the audit and the applicable hourly billing rate. In no event, however, shall fees paid by the City exceed the “not to exceed” cost proposed under Section VIII, below, for provision of all of the services described in the successful proposal.

The successful proposer may modify the fee schedule described in Section VIII in accordance with fees charged to the proposer’s other clients, said modification to occur no more frequently than annually. Please note that any such modifications will not affect the “not-to-exceed” fee for any of the three years of the contract.

In the event of a merger of the audit firm with another firm of certified public accountants or the change of partners to the audit firm, this contract will be transferable to the successor firm with the approval of the City. This agreement shall not be assigned or transferred without the written approval of the City.

Section VIII- Proposal Submission Information

To secure information which facilitates systematic application of evaluation criteria, vendors are required to submit proposals with the information and in the format described below.

Transmittal Letter: Proposals shall be transmitted by a letter which shall include at least the sections listed below and is signed by an authorized agent of the organization.

Affidavits: Proposers shall complete and submit “Statements of Interest and Qualifications” form on page 9.

Fee Schedule: A maximum “not to exceed” fee schedule for providing the services as described in the proposal for each of the fiscal years ending during 2016, 2017, and 2018. A current schedule of hourly billing rates of the personnel who would provide audit services. Describe the circumstances under which you would propose to increase the fees shown and how this potential increase would be communicated to the City. Provide and separate line and cost for a Single –Audit.

Contact Person: The name, address, phone number, email address, and title of the individual to who notices regarding this proposal should be sent.

Profile of the Proposer:

- Proposer shall describe the organization and size of the organization, whether it is local, regional, national, or international in operations.
- The location of the office from which the work is to be done, and the number of professional staff (by staff level) employed at that office.
- A description of the range of activities performed by the office handling the engagement such as auditing, tax service, management services, etc.
- Identify the partners, managers, supervisors, and in-charge accountants who will be associated with the engagement. Please include any background information which you believe pertinent to this examination.
- Describe the firm’s experience similar to this proposed examination (multi-office firms should only discuss experience for the office from which the firm plans to have personnel assigned to this engagement).

Technical Approach: Proposer shall indicate the technical approach to providing the services outlined in Section III. This should include a rough estimate of hours to be performed by each level of staff during each significant segment of the work, including the estimated amount of time the manager and senior staff will be on site.

Qualifications of the Proposer: Proposers shall describe their qualifications, which shall include at least a list of each professional staff member to be assigned to the project, indicating staff levels by type and title. It is expected that each senior and higher level staff assigned would have considerable governmental experience, which should be noted. Any specialized skill, such as background in public finance, should also be included.

While it is understood that there will be turnover on the audit staff, it is hoped that continuity of staff will be maintained, and will be a consideration when renewing this contract each year.

References: Provide the name, address, telephone numbers, and contact person of all municipal or local government audit clients for the last two years.

Peer Review: Proposers shall describe the systems of peer review to which proposers are subject, including the nature (internal and/or external) and frequency of reviews. If the evaluations are external, proposers shall furnish copies of the most recent evaluation opinion. In addition to this required information, proposers are encouraged to provide further information regarding their control systems and efforts.

Insurance: Proposers shall submit proof of Professional Liability Insurance coverage for an amount of \$1,000,000 and proof of Worker's Compensation Insurance sufficient to meet statutory requirements.

Contract: See Section XI- Contract.

Section IX- Selection Criteria

Proposer' qualifications to provide the services described in this request for proposal, (as determined by responses to this request, references, and oral interviews), shall be a factor in determining the successful proposer. However, criteria may include, but are not limited to: compliance with request for proposal, price, ability to do the work, the proposers' character and reputation, quality of other work performed, and any other criteria that the City, in its judgement, represents the best and most favorable to the interests of the City and the public.

Selected vendors may be invited to oral interviews following an initial evaluation of proposals submitted.

Section X- Proposed Period and Contract Award

Each proposal shall be submitted in duplicate in a sealed envelope marked City of Belvidere Audit Proposal not later than 5:00 p.m. on January 28, 2016 to:

Becky Tobin
Budget/Finance Officer
City of Belvidere
401 Whitney Blvd.
Belvidere, IL 61008

Proposals will be opened immediately, late proposals may be returned, unopened, to the proposer.

Proposals submitted in accordance with this request for proposals shall be binding upon the proposers if accepted by the City not later than 90 days from the date of the proposal. The City currently anticipates approving a contract for audit services during the regular council meeting

held on March 7, 2016. However, in the event that the proposal is accepted at a later date, the time requirements set forth in Section VI will be revised accordingly.

The City reserves the right to accept any proposal that is, in its judgement, the best and most favorable to the interests of the City and the public; to reject any or all proposals; to accept and incorporate corrections, clarifications, or modifications following the opening of the proposals when to do so would not, in the City's judgement, prejudice the proposal process or create any improper advantage to any proposer; and to waive any irregularities and informalities in the proposal process or in any proposal submitted; provided, however, that the waiver of any prior defects or informality shall not be considered a waiver of any future or similar defects or informalities, and proposers should not rely upon, or anticipate, such waivers in submitting their proposal.

Section XI- Contract

The successful proposer shall confirm in writing acceptance of the terms of this proposal within 15 days of notification of selection. The confirmation may be in the form of the standard Engagement Letter or may be in addition to the standard Engagement Letter. Proposers must specify any proposed modifications to the scope of the engagement in their proposal.

No member of the governing body of the City of Belvidere and no other officer, employee, or agent of the City who exercises any functions or responsibilities in connection with the carrying out of this project, to which this contract pertains, shall have any personal interest, direct or indirect in the contract.

**REQUEST FOR STATEMENTS OF INTEREST AND QUALIFICATIONS
FOR THE CITY OF BELVIDERE**

TO:

Becky Tobin, Budget/Finance Officer

City of Belvidere

401 Whitney Blvd.

Belvidere, IL 61008

Phone: 815-544-2612

Fax: 815-544-3060

Email: btobin@ci.belvidere.il.us

FROM:

Vendor: _____

Address: _____

Name: _____

Phone: _____

Email: _____

In compliance with the Request for Statements of Interest and Qualifications, the undersigned hereby furnishes the information requested and certifies that all information and statements contained herein are true and correct.

It is understood and agreed that the City and/or consultants retained by the City may conduct such investigations as are necessary and appropriate to verify the undersigned qualifications and proposals. The undersigned hereby authorizes references and any other parties listed herein to furnish the City with any information the City may request, including, but not limited to, performance of previous work. The undersigned hereby releases any and all such parties from any legal responsibility whatsoever of having furnished such information to the City.

Business Name: _____

Signature: _____ Print Name: _____

Title: _____ Date: _____