



REQUEST FOR PROPOSALS

for

**PROFESSIONAL INDEPENDENT PUBLIC
ACCOUNTING AUDITING SERVICES**

CLOSE DATE: SEPTEMBER 6, 2022

City of Fargo

Request for Proposal

The City of Fargo is requesting proposals from qualified Independent Public Accountants (IPA's) to provide Professional Auditing Services in association with the City of Fargo. All proposals must be submitted to the City of Fargo Auditor's Office, 225 4th Street North, Fargo, ND 58102 on or before **2:00 PM on Tuesday, September 6th, 2022**. All envelopes for proposals must be clearly marked "**Professional Auditing Services - Request for Proposals**" in bold type. Proposals received later than the time and date specified will not be considered. Upon RFP closing, a selection committee will evaluate each proposal based on submitted information. On completion of the RFP evaluation, committee representative may contact and/or pursue contract with selected Auditing Service provider.

CITY OF FARGO RIGHTS

The City reserves the right to cancel this RFP in writing or postpone the date and time for submitting proposals at any time prior to the proposal due date. The City by this RFP does not promise to accept the lowest cost or any other proposal and specifically reserves the right to reject any or all proposals, to waive any formal proposal requirements, to investigate the qualifications and experience of any Proposer, to reject any provisions in any proposal, to modify RFP contents, to obtain new proposals, to negotiate the requested services and contract terms with any Proposer, or to proceed to do the work otherwise.

The City hereby notifies all proposers that it will affirmatively insure that in regard to any contract entered into, pursuant to this request, minority business enterprises will be afforded full opportunity and are encouraged to submit proposals in response to this invitation and will not be discriminated against on the grounds of race, color, sex, or national origin in consideration for an award. The City reserves the right to accept or reject any and all bids that are in the best interest of the City.

All correspondence regarding the RFP must be addressed to:

Terri Gayhart
Finance Director
Finance Department; City of Fargo
225 4th Street North
Fargo, ND 58102
Email: TGayhart@FargoND.gov
Phone: (701) 241-8158

1. Acceptance/Rejection/Waiver. The City of Fargo reserves the right to accept or reject any or all bids and to waive minor irregularities or technicalities, provided such waiver does not substantially change the offer or provide a competitive advantage to any vendor, in the judgment of the state. The City of Fargo shall not be responsible for any costs incurred by the respondent related to this RFP.
2. Submittal. Prepare and submit one paper copy along with one thumb drive containing an electronic version of the written proposal.
3. Binding Contract: Those who wish to submit a proposal to the City should and will be required to complete and sign a Professional Services Contract prior to award. Both City and submitter will perform in accordance with the terms and conditions of RFP solicitation and the Professional Services Contract. It will be the sole responsibility of the IPA's service provider to ensure all purchasing policies of the City of Fargo are followed in association with services provided.
4. Licensed in North Dakota: Required
5. Evaluation Criteria: The Evaluation criteria will be separated into 5 categories. The Selection Committee will evaluate: Capability of the IPA, Work Requirements and Audit approach, Technical Experience, References and Cost.
6. Firm Requirements: The responding firm shall have governmental auditing experience with preference given for experience with City governments with a population greater than 100,000 within the last seven years.
7. Interviews: Should it be determined that there is a need for interviews to be conducted, the highest-scoring respondent and respondents within ten (10) percent of the highest-scoring respondent will be interviewed. If there are less than three (3) respondents within the top ten (10) percent, then the top three respondents, regardless of their relative scores, will be interviewed. The Finance staff will coordinate with the qualifying interviewees as to the time, date, and place for the interviews, and the time allowed for each interview. Interviews will be closed to any persons not representing the interviewee. At the conclusion of all interviews, each member shall again score each interviewee in accordance with the RFP criteria, and the scores will be added to the previous scores of the interviewees to arrive at a composite score.
8. Selection Committee: The selection committee will consist of six representatives from the City of Fargo including, Finance Director, Finance Manager, City Engineer, Director of Public Health, City Administrator, and the Director of Human Resources.
9. Contract Award: The awarded contract shall be made to the responsible IPA service provider whose proposal is determined to best fit the needs of the City. Proposals will be scored according to proposals submitted. The chosen firm will provide a draft contract to City of Fargo Commission.

*All aspects will be considered. Related information provided with the proposal will be considered in the evaluation.

10. Contract terms and Renewal Option: The City of Fargo will enter into an initial three (3) year contract from the effective date.

This initial contract may be renewed upon satisfactory completion of the original contract term. The City of Fargo reserves the right to execute the option to automatically renew for a successive period of two one year renewals.

If the contract is extended, the City of Fargo reserves the right to renegotiate price and terms, provided that such negotiated price and terms fall within the original scope of work for this proposal. Such changes will be documented by amendment to the contract.

11. References: Three (3) written references including contact information (company and/or contact name and phone number) must be provided with submittal.

12. Contract Price Adjustment: The contract prices shall be firm for the first 36 months of the contract period. Thereafter, on an annual basis, all prices in the implementing of extensions to the contract(s) may be subject to price adjustment (increase / decrease). The request for a price adjustment must be submitted to the City of Fargo at least 45 days before the scheduled contract expiration date and must include justification for the proposed change. The City of Fargo will respond as follows:

- The request may be granted
- The contract may be cancelled and solicitation may be re-advertised
- The contract may be continued without change

If a price increase is approved by the City of Fargo, the date the increase will be effective along with the new price will be included in the extension amendment document. Approval of any price increase renews the three (3) year firm price period.

The City shall be advised of and receive the benefit of any price decrease. The same notification and review process will apply to a decrease in cost.

13. Compliance with Laws: The auditing service must provide successful performance of work under all terms of awarded contract and fully comply with all applicable federal, state, or local laws and regulations. The contractor must comply with the provisions of all appropriate federal laws, including Title VI of the Civil Rights Act of 1964. Any subletting or subcontracting by the contractor are subject to the same provision.

14. Cancellation of Contract: Failure to satisfactorily perform in accordance with the terms and conditions of the contract may be basis for immediate termination and removal from the proposal list(s) of this office for up to three (3) years.

15. Rejection of any or all proposals: The City of Fargo reserves the right to reject any and all proposals in whole or in part.

SPECIFIC TERMS AND CONDITIONS

Overview: The City has approximately 232 active funds in this fiscal year (FY). The City’s General Fund expenditures in FY 2021 were \$100,538,125. Total federal awards expended in FY 2021 were \$81,274,393. The City utilizes an integrated financial system. The major components of the integrated financial system include general ledger, accounts payable and receivable, budget, capital assets, inventory, purchasing, treasury management, payroll, human resources, and utility billing. **The financial and compliance audit shall cover the entire operations of the City.**

Anticipated Calendar of Events:

- RFP Release date August 3, 2022
- Deadline for Submittal of Clarifications August 20, 2022, by 4 p.m.
- RFP Response Submittals due September 6, 2022, by 2 p.m.
- Review of Responses September 7-17, 2022
- Interviews (if deemed necessary) September 22&23, 2022
- Selection of Firm September 26, 2022
- Commission Review and Approval October 3, 2022

Evaluation Criteria:

1.	<p>Capability of the IPA</p> <ul style="list-style-type: none"> a) Resources and knowledge to meet June 1st deadline b) Team members and credentials/Total audit hours available c) Meets independence standards d) Peer review e) Reference checks f) Organization and completeness of the proposal 	30
2.	<p>Work requirements & Audit Approach</p> <ul style="list-style-type: none"> a) Knowledge of audit objectives and products to be delivered b) Soundness of technical plan and realistic time estimate for completion of major segments of audit planning; identification of all deliverables; IPA’s policy of notification of changes of assigned personnel; planned use of City staff; audit program used to test internal controls and system use for testing information technology; description of web-based application for shared documents and file management collaboration; planned use of City computers and equipment in audit process; list of IPAs, addresses, qualifications, and areas of responsibilities; location(s) of office(s) where work will be performed and percentages for each; approach for planning and conducting subsequent years. c) Plans for using City staff, including Internal Audit and City equipment. 	20

3.	<p>Technical Experience:</p> <ul style="list-style-type: none"> a) Principal member officer-name, address, telephone number, and North Dakota registration b) Governmental audit experience of on-site manager c) IPA experience and specialization in the team members regarding municipal government, quasi-governmental agency, component units, etc. d) Continuing professional education in auditing, accounting, and regulations directly related to state and local government audits etc. 	30
4.	Performance of the IPA with previous clients, based upon quality of the work, control of costs, ability to meet schedules or deadlines; and responsiveness to the client	10
5.	Cost	10
Total		100

Cost Proposal Format:

The cost proposal will not be used in the initial evaluation of the RFP, it will be used as a basis as the selection of firms narrows for negotiating a contract with the potential successful firm.

The cost proposal must be submitted in a separate sealed envelope and contain the following:

	Year 1		Year 2		Year 3		Year 4		Year 5	
	Hours	Cost								
Financial Statement										
Federal Single Audit										

	Year 1		Year 2		Year 3		Year 4		Year 5	
	Hours	Cost								
City of Fargo										
Fargodome										

In addition to the cost proposal for the annual audit, submit proposed costs for additional professional services should the City find need for such services to include.

Staff Level	Hourly Rate
Secretarial Support	\$
Clerical Support	\$
Junior Accountant	\$
Senior Accountant	\$
Manager	\$
Partner	\$

SCOPE OF SERVICES

The scope of services required by the selected Independent Public Audit (IPA) firm shall be as follows:

- A. The financial and compliance audit shall cover the entire operations of the City. Additionally, the City reports the City of Fargo Building Authority as a blended component unit within the activities of the primary government and the Fargo Airport as discreetly presented component unit. A standalone financial and compliance audit shall cover the entire operations of the Fargodome. Lastly, single Audit requirements apply to the City as the City receives federal grants.

The selected IPA will provide all services outlined in the North Dakota Century Code 54-10-14 audit rule. In addition, the IPA will assist in reviewing for, offering advance notification, training, and implementing new GASB pronouncements. The City staff will prepare the fund financial statements, the combining financial statements and the government-wide financial statements for the City's Annual Comprehensive Financial Report (ACFR).

Prior year copies of the City's ACFR are available on the City's website at www.fargond.gov under Government > Departments> Finance Department > Annual Comprehensive Financial Reports.

- B. Supporting schedules Prepared by Client (PBC), the financial statements and footnotes, and other information needed for the audit will be provided to the IPA in electronic format whenever possible. The IPA will provide a secure network site with regular data backups for storing and exchanging electronic files during the audit. The site must be available to City staff continuously and maintain information during the audit and for six months following the authorization to release from the State Auditor.
- C. Pursuant to North Dakota Century Code 54-10-14, the audit shall be conducted in accordance with Generally Accepted Auditing Standards (GAAS), Generally Accepted Accounting Principles (GAAP), Government Auditing Standards (the Yellow Book), Government Accounting Standards Board (GASB), Audits of State and Local Governmental Units, Single Audit Act Amendments, and other applicable pronouncements. The financial statements, Management Discussion and Analysis, and footnotes will be presented in conformity with pronouncements of the GASB and other applicable pronouncements.
- D. The final audit report, printed and bound, for each entity must be submitted to the State Auditor's Office, and to the Finance Director, by June 1st, 2023 and each audit year IPA is engaged. Submission to the State Auditor's Office must be in FINAL format with the City's ACFR financial report complete and proofread. A significant number of changes or corrections, as determined by Finance Director, by the IPA following submission to the State Auditor's Office will indicate an incomplete submission. Corrections will be the responsibility of the IPA and the contract could be subject to cancellation by the Finance Director.

Once the Approval to Print is received, the IPA shall provide to the State Auditor's Office the required copies, in specified format, for the City.

E. Deliverables:

1. By June 1st, the IPA will provide to the City a draft of the Schedule of Findings and Questioned Costs.

2. Upon release of the reports by the State Auditor's Office, the IPA will provide to the City:

- a. For the City: One (1) electronic digital file in PDF format of the complete audit report to be provided via e-mail.
- b. IPA Partner in charge and Manager in charge, for the audit entrance and exit conference to include the City, the City Commission work session and meeting to accept the audit are required. The exit conference must be conducted in person.
- c. The IPA shall prepare and submit the SF-SAC form and Single Audit reporting package to the Federal Audit Clearinghouse on behalf of the City by the due date, 30 days after the receipt of the audit report but no later than September 30.

3. Communication Expectations:

- a. Findings and issues from the audit must be immediately reported in person or phone call and the details provided in written form. This would include repeat findings.
- b. Deficiencies in internal control or other issues or recommendations for improvement noted during the audit that are not findings.
- c. If there are differences between the financial statements and the books, the IPA shall provide to the City the adjusting journal entries and the supporting documentation that reconciles the financial statements in the audit report to the books, including calculation methodology in excel. The documentation must be provided to the City for review prior to adjusting the financial statements.

Status meetings will be conducted periodically between the IPA and the City.

INSURANCE

The awarded IPA shall obtain and maintain insurance at its own cost and expense during the life of the proposed Agreement, and shall require sub consultant, if any, to maintain during the life of its subcontract:

1. Professional Liability
 - A. \$1,000,000 per occurrence with a \$5,000,000 umbrella or excess coverage.

2. General Liability Insurance
 - A. \$1,000,000 per occurrence / \$2,000,000 aggregate.
 - B. Coverage must include premises and operations, and personal and advertising injury.
 - C. The City must be named an additional insured for all coverages listed above on endorsements acceptable to the City.
 - D. Coverage must be primary and non-contributory.
 - E. Coverage must be per project or per location.
 - F. Coverage must be on an occurrence form.
 - G. Subrogation must be waived.

3. Commercial Auto Liability
 - A. \$1,000,000 per occurrence.
 - B. Coverage must be for “any autos” or “owned autos, hired autos, and “non-owned autos”

4. Worker Compensation and Employers Liability
 - A. Statutory limits
 - B. (employer liability) \$1,000,000 each accident, \$1,000,000 each employee by disease, \$1,000,000 policy limit.
 - C. Subrogation must be waived

The City of Fargo must be named as additional insured – this coverage must be as broad as the coverage provided to the insured; coverage must be primary and non-contributory before any other insurance or self-insurance. A copy of the endorsement(s) for this coverage must be provided as a condition of an Agreement.

IPA shall be required to furnish the CITY a certificate(s) of insurance showing IPA and sub consultant, if any, confirming compliance with the required insurance provisions. The IPA shall provide insurance certificates before work is to start on the project and shall provide the CITY thirty (30) days written notification of cancellation of such policies.

Proposals

Present a tailored proposal to achieve the City of Fargo's RFP requirements along with expanding on proven Auditing Services. Provided in this proposal please include the following:

1. To address Evaluation Criteria No. 1 below (Capability of the IPA)

- A. Submit sufficient evidence that the IPA has the resources and knowledge to complete the audits and financial reporting requirements of the municipal and identified entities by the June 1st deadline.
- B. Provide the names and title of each member of the audit team who will be assigned to work on the project. Provide a list of credentials of any information systems specialists performing work for this engagement.
- C. Provide a table that includes, for each team member, the number of hours and the percentage of time assigned to the project that consists but not limited to the following functional examples:
 - Staff level *
 - Administrative Staff Support
 - Clerical Support
 - Junior Accountant
 - Senior Accountant
 - Manager
 - Partner
 - a. *Staff levels given are examples of staffing types that the respondent may assign work on this assignment.
- D. For meeting independence standards, provide a list of relationships or situations that might be viewed as potential or actual conflicts of interest in relation to this audit.
- E. Provide a copy of the IPA's most recent peer review (external quality control review report) including letter of comments. The report must contain unmodified or modified results to qualify for contract award consideration. If applicable, include a disclosure of any disciplinary action taken against the IPA during the past three years. The City may require additional information based on the disclosure.
- F. Provide a list of all work performed by the IPA or Audit team in the past for the City.
- G. Provide a description and name of a minimum of five past contracts similar to the scope herein that have been completed by the IPA including names and telephone numbers of the contact person for each project.

2. To address Evaluation Criteria No. 2 below (Work Requirements and Audit Approach)

- A. Provide a description of the IPA's understanding of the project that includes knowledge of audit objectives and product to be delivered.
- B. Provide a description of a sound, technical plan for this engagement that includes:
 - 1. A realistic estimate of proposed starting and ending dates with time estimates to complete major segments of the audit that includes, but not limited to, planning, interim fieldwork, fieldwork, and reporting.
 - 2. Complete identification of all deliverables.
 - 3. Provide a brief description of the IPA's policy of notification of changes in personnel assigned to this audit.
 - 4. Description of any planned use of the City's staff.
 - 5. Description of the audit program that will be used to evaluate and test internal controls and the system to be used for testing information technology.
 - 6. Description of the web-based application that will be used for shared documents and file management by the IPA and the City.
 - 7. A listing of planned use of City computers and equipment in the audit process.
 - 8. If applicable, list of IPAs, including addresses, qualifications and areas of responsibility.
 - 9. Location(s) of office(s) where the work will be performed, and percentage of work to be performed at each.
- C. Provide a description of approach to be taken for planning and conducting the proposed audit work in subsequent years (if awarded).

3. To address Evaluation Criteria No. 3 below, (Technical Experience)

- A. Provide the name, address, telephone number, and North Dakota registration of the principal member officer responding to this RFP and who is responsible for execution and administration of the contract resulting from this RFP selection process.
- B. Provide the name, address, telephone number and North Dakota registration (if applicable) of the on-site manager plus the manager's governmental audit experience.

C. For the members of the audit team, provide the following:

1. Areas of competence.
2. Governmental accounting/auditing experience.
3. Supervisory experience (if applicable).
4. Number of hours of continuing professional education in governmental accounting and auditing in the last two years
5. Attendance at education/training meetings relating to auditing, accounting, regulations directly related to state and local government audits
6. Description of experience with GASB and Government Finance Officers Association (GFOA).
7. Provide highlights of satisfactory peer review comments.

4. **To address Evaluation Criteria No.4 below, (Performance of the IPA)**

- A. Provide the following: Description and name of a minimum of three past contracts similar to the scope herein that have been completed by the IPA including the name and telephone number of the contact person for each project.

5. **To address Evaluation Criteria No.5 below, (Cost)**

The cost proposal must be submitted in a separate sealed envelope and contain the following:

	Year 1		Year 2		Year 3		Year 4		Year 5	
	Hours	Cost								
Financial Statement										
Federal Single Audit										

	Year 1		Year 2		Year 3		Year 4		Year 5	
	Hours	Cost								
City of Fargo										
Fargodome										

In addition to the cost proposal for the annual audit, submit proposed costs for additional professional services should the City find need for such services to include.

Staff Level	Hourly Rate
Secretarial Support	\$
Clerical Support	\$
Junior Accountant	\$
Senior Accountant	\$
Manager	\$
Partner	\$

