



Request for Proposal Financial Audit Services

SUBMISSION OF PROPOSALS

Proposals must be submitted in a sealed envelope labeled “Audit Services Proposal” to:

City of Northville
Mr. Michael Smith, City Clerk
215 W. Main Street
Northville, Michigan 48167

Proposals will be received until 10:00 a.m. local prevailing time on Friday, December 1, 2023.

No late proposals will be accepted or opened.

REQUEST FOR PROPOSAL

The City of Northville, Michigan (the “City”) is issuing this Request for Proposal (RFP) for professional services which will include the following:

- A financial audit of the City’s financial statements which includes two component units (DDA and BRA).
- If needed, a compliance audit of the City’s federal programs in accordance with the Federal Uniform Grant Guidance 2 CFR Part 200.

TYPE OF AUDIT

The examination of the financial records, accounts and procedures of the City shall be made in accordance with generally accepted auditing standards as adopted by the American Institute of Certified Public Accountants in its *Statements of Auditing Standards*, the U.S. General Accounting Office’s (GAO) *Government Auditing Standards*, the U.S. Office of Management and Budget (OMB) Circular 133 and the State of Michigan Department of Treasury’s *Statements of Position and Uniform Reporting Format*. The audit must comply with the Michigan Department of Treasury’s *Bulletin for Audits of Local Units of Government*. In addition, it will include any other tests of the accounting records and such other auditing procedures the proposer considers necessary in the circumstances, including the requirements of Michigan Act #2, PA of 1968 as amended.

PERIOD TO BE AUDITED

The City operates on a June 30th fiscal year basis. The first year to be audited is the fiscal year ending June 30, 2024. The City intends to continue the contract with the selected auditing firm for a three-year term, which would additionally include the fiscal years ending June 30, 2025 and 2026, with optional three-year renewals. Audit services for the additional terms are dependent on satisfactory completion of the prior year’s audit. The total contract term is not to exceed a maximum of nine (9) fiscal years and is subject to annual review and satisfactory negotiation of terms (including a total fee acceptable to both the City and the auditing firm).

DESCRIPTION OF ENTITIES BEING AUDITED

The City of Northville is a community of approximately 6,000 residents in an area of 2.2 square miles located in both Wayne and Oakland Counties.

The audited financial statements for the City and the DDA for fiscal year 2022 are shown on the City’s website at: https://www.ci.northville.mi.us/services/finance/financial_reports . Fiscal year 2023 will be posted by November 14, 2023.

In addition, the FY 2024 annual budget and five-year plan is at https://www.ci.northville.mi.us/services/finance/annual_budget_archive .

At the start of fieldwork, the City provides a comprehensive set of documents for the audit team, including analytical analysis. All relevant data, including a final trial balance, is provided to the audit firm electronically. There have not been any audit adjustments in over twenty years.

The City uses BS&A Equalizer software for its financial applications.

Depending on the timing of expenditure of funds, a Single Audit Report may be required. However, the City has not had one in over twenty-five years. However, one may be required in the next few years.

AUDIT SERVICE REQUIREMENTS

1. The audit must be conducted in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and any other applicable procedures for the audit of a local government in accordance with generally accepted accounting principles (GAAP).
2. The auditor should also be familiar with, and prepared to advise City staff on how best to implement, both current and proposed GASB Statements. In addition, the auditor is also expected to provide informal advice and consultation throughout the year on matters relating to accounting and financial reporting. This would not necessarily include any task that entails significant research or a formal report.
3. Should circumstances arise during the audit that requires significant additional work to be performed in excess of the amounts set forth in the contract, additional scope and fees shall be negotiated prior to commencement of the work. An amended contract will be submitted for approval by the Finance Director.
4. The City is responsible for balancing all accounts at year end and will furnish **all** work papers and footnote data in conjunction with the audit engagement. Additionally, the City staff will perform all clerical tasks related to the audit including the pulling and filing of invoices, preparing third party confirmation requests and other items as specified by the auditors. The auditor must submit a preliminary draft of the financial statements, including required adjusting journal entries, if any, to the Finance Director before field work is completed. The Finance Director will return the draft with any proposed revisions before release of the final report. Separate audited financial statements are not required for the component units.
5. Each audit will include written recommendations made to address any findings, observations, opinions, or comments relating to internal controls, financial systems, compliance or other matters that come to the attention of the auditors during the examination. The management letter(s) will be provided in draft form and discussed with City officials prior to publication.
6. It is expected that the auditor will be primarily responsible for the drafting and

preparation of the financial statements, including footnotes, in compliance with generally accepted accounting principles and the State of Michigan's Reporting Format. The auditor shall include in its auditing fee the cost of preparing for publication, printing and binding 13 copies of the City's financial report. In addition, the financial statements should be transmitted to the City as both a locked and unlocked Adobe PDF. The unlocked version allows it to be included in electronic packets. The final report posted on the website is locked.

7. The City has not been subject to the additional requirements imposed by the Uniform Grant Guidance in over twenty-five years. If such requirements are necessary in the future, the auditor is expected to issue all reports required by the Uniform Grant Guidance 2 CFR Part 200.
8. The auditor will be required to submit the audit related reports to the State of Michigan in a timely manner. The auditor is not responsible for preparation or submission of the Form F-65 or any other required reports.
9. The working papers shall be retained, at the auditor's expense, and made available upon request by the City or any appropriate agency for no less than five years from the date of the audit report.
10. A formal presentation of the report by the auditor to the City Council will be required.

AUDIT CONTRACT AND PAYMENT OF FEES

Invoices for service will be paid when received. The total amount to be invoiced shall not exceed the amount of the bid unless the scope of the audit changes and management has agreed to increased fees. The City reserves the right to terminate the contract for audit at any time.

DESCRIPTION OF SELECTION PROCESS

Three hard copies of the proposal should be submitted at the time and place indicated in the section "SUBMISSION OF PROPOSALS AND TIME SCHEDULE FOR AWARDED CONTRACT" on page 7. An electronic copy may be requested after the proposals have been opened.

The format of the proposal should be submitted in two sections. *Section A* will be comprised of the audit firm's experience and qualifications of its personnel in performing governmental audits. The Auditor Selection Committee will evaluate the auditor/firm on educational and technical qualifications. *Section B* is the auditor's fee proposal.

The City reserves the right to reject any or all proposals if there is good cause; to cancel the solicitation; waive technicalities; request clarification or additional information and be the sole judge of suitability of the services for its intended use and further specifically reserves the right to make the award and negotiate a final contract in the best interest of the City considering cost

effectiveness. Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid. The City reserves the right to retain all submitted proposals.

In order to standardize the review process, the auditor's proposal must be presented in the following format and include the designated information.

Section A. Experience and Other Qualifications

The first section should address the requested information below. The corresponding response should begin with the number of the requested information.

1. Indicate the location of the office and the number of people, by level, that will handle the audit.
2. Provide a list of the office's current and recent government audit clients, indicating the type(s) of services performed and the number of years served for each. Provide contact information for five current or prior governmental audit clients who may be contacted by the City for reference.
3. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the number of years of engagement.
4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review including management letter and responses, if any. Indicate whether review included government engagements.
5. Describe the professional experience in government audits of each senior and higher-level person assigned to the audit, including years on each job and his/her position while on each audit.
6. Identify proposed sub-contractors, if any, and the portion(s) of the engagement for which they will be used.
7. Describe the relevant educational background of each person assigned to the audit, senior-level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.
8. Provide a resume for each individual who may be assigned to the audit which describes his/her professional qualifications, licenses (e.g. CPA) and experience in auditing relevant government organizations, programs, activities, or functions which was not already addressed in the above responses.
9. Describe how the firm meets professional independence standards.

10. Does the firm provide training webinars for their clients? Please list some examples.
11. Does the firm provide implementation toolkits for new GASB pronouncements, when applicable? Provide examples of those provided in the past.
12. Describe the firm's specific audit approach in the form of a work plan. The work plan should include an explanation of the audit methods to be used.
 - a. Proposed segmentation of the engagement.
 - b. Extent to which statistical sampling will be used.
 - c. Extent of analytic procedures to be used in the engagement.
 - d. Approach to be taken to gain and document an understanding of the City's internal control structure.
 - e. Approach to be taken to understand the City's use of electronic data processing in its operations.
 - f. Approach to determining which laws and regulations are subject to audit test work.
 - g. Approach to be taken in drawing audit samples for purposes of tests of compliance.
13. Insurance: The firm shall not commence work under this contract until they have obtained the insurance required under this paragraph, and shall keep such insurance in force during the entire life of this contract. All coverage shall be with insurance companies licensed and admitted to do business in the State of Michigan and acceptable to the City of Northville. The requirements below should not be interpreted to limit the liability of the Firm. All deductibles and SIR's are the responsibility of the Firm. The Firm shall procure and maintain the following insurance coverage:
 - a. Worker's Compensation Insurance including Employers' Liability Coverage, in accordance with all applicable statutes of the State of Michigan.
 - b. Commercial General Liability Insurance on an "Occurrence Basis" with limits of liability not less than \$1,000,000 per occurrence and \$2,000,000 aggregate.
 - c. Professional Liability in an amount not less than \$1,000,000 per occurrence and \$2,000,000 aggregate. If this policy is claims made form, then the firm shall be required to keep the policy in force, or purchase "tail" coverage, for a minimum of 3 (three) years after the termination of this contract.
 - d. Additional Insured: Commercial General Liability, as described above, shall include an endorsement stating the following shall be Additional Insureds: City of Northville, all elected and appointed officials, all employees and volunteers, all boards, commissions, and/or authorities and board members, including employees and volunteers thereof. It is understood and agreed by naming the City of Northville as additional insured, coverage afforded is considered to be primary and any other insurance the City of Northville may have in effect shall be considered secondary and/or excess.

- e. Cancellation Notice: All policies, as described above, shall include an endorsement stating that it is understood and agreed Thirty (30) days, Ten (10) days for non-payment of premium, Advance Written Notice of Cancellation, Non-Renewal, shall be sent to: (Michael Smith, Clerk, City of Northville, 215 West Main St., Northville, MI 48167).
 - f. Proof of Insurance Coverage: The Contractor shall provide the City of Northville at the time that the contracts are returned by him/her for execution, a Certificate of Insurance as well as the required endorsements. In lieu of required endorsements, if applicable, a copy of the policy sections where coverage is provided for additional insured and cancellation notice would be acceptable. Copies or certified copies of all policies mentioned above shall be furnished, if so requested.
 - g. If any of the above coverages expire during the term of this contract, the Firm shall deliver renewal certificates and endorsements to the City of Northville at least ten (10) days prior to the expiration date.
14. Describe any regulatory action taken by any oversight body against your organization, if any.
15. Identify any potential audit concerns along with the firm's proposed resolution. Please identify any additional assistance expected from City staff.
16. Provide any other information you believe to be relevant to the decision of selection of the best auditing firm for the City of Northville.

Section B. Fee Proposal

Proposals should include fee estimates and other necessary billing information. Include the following information.

- 1. Describe the type of audit program used and whether the audit program is tailor-made, standard government or standard commercial.
- 2. Describe approach to conducting the examination and describe the use of computer audit specialists.
- 3. Describe the organization of the audit team and the approximate percentage of time spent on the audit by each member.
- 4. Identify a proposed schedule for completing the audit for fiscal year 2024 and how that schedule might be different in subsequent years.

Please note that typically audit fieldwork takes two weeks and starts either the week prior

to or the week of Labor Day. Additional on-site time may be required in order to provide the draft statements before leaving the field. Presentation of the annual audit report to City Council occurs at either the first or third Monday in November of each year.

5. Describe how the City staff assistance can expedite the process in ways not already outlined in RFP. This could include City Staff having accessibility to the firm's financial reporting program to assist in the report preparation.
6. Using a format similar to the one shown in **Exhibit B**, separately specify fees for audit services and preparation of reports for the City. The fees for the three-year engagement are binding.
7. Provide the fee your firm will charge the City of Northville for the preparation of a Single Audit Report, in the event one is required.
8. Provide the fee structure your firm will use if the City is charged for special requests such as additional procedures in conjunction with presenting financial information in a bond prospectus. Please indicate whether this fee structure will remain the same throughout the three year contract period, or if it will change. If the fee structure is subject to change, please indicate specific information regarding the fee structure to be used in years two and three of the contract.
9. Include the Proposer Questionnaire form (**Exhibit A**).
10. Identify and describe any other important fee-based or billing information.
11. Describe internal quality control procedures that apply to governmental audits conducted by your firm.

SELECTION PROCESS

1. The Auditor Selection Committee will evaluate the proposals. Members of the Auditor Selection Committee will include the City Manager and Finance Department personnel. Based upon the ranking of the proposals in terms of experience and fees, selected firms may be asked to attend a proposal presentation and interview.
2. Proposals will be evaluated using three sets of criteria. The following represents the principal selection criteria, which will be considered during the evaluation process.
 - a. Mandatory Criteria

Firms will not be considered unless they meet these minimum criteria:

 1. Must be Certified Public Accountants in Michigan and properly licensed;
 2. Must meet independence standards;
 3. Must not have a record of substandard work.
 - b. Technical qualifications

Expertise and Experience

1. The firm's past experience and performance on comparable government engagements.
2. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

Audit Approach

1. Adequacy of proposed staffing plan for various segments of the engagement.
2. Adequacy of sampling techniques
3. Adequacy of analytical procedures

c. Fee

Fee will not be the sole factor in the selection of an audit firm.

SUBMISSION OF PROPOSALS AND SCHEDULE FOR AWARDING THE CONTRACT

Proposals must be submitted in a sealed envelope marked "Audit Services Proposal" to:

Mr. Michael Smith
City Clerk
215 W. Main Street
Northville, Michigan 48167

Proposals will be received until 10:00 a.m. local prevailing time on Friday, December 1, 2023.

No late proposals will be accepted. The City reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether the proposal is selected. The City also reserves the right to reject any and all proposals submitted and to request additional information from all firms submitting a proposal.

It is anticipated that City staff will then make a recommendation to the City Council on December 18, 2023. It is expected that a contract will be executed between the City and the selected auditor shortly following approval by City Council.

The City reserves the right to modify the dates for preliminary selection and final contract approval based on changes to regularly scheduled City Council meeting dates, unanticipated delays in the selection and/or negotiation process, or any other contingency based on the best interest of the City.

Any questions should be directed to:

Sandi Wiktorowski, CPFO, MiCPT
Finance Director/Treasurer
Email: swiktorowski@ci.northville.mi.us
Direct Dial: 248-449-9912

Pre-submittal questions should be directed to Ms. Wiktorowski. Prior to RFP submission, every attempt will be made to distribute the questions and related answers to all interested parties via e-mail. Please be sure contact the Finance Director with your name and e-mail address if you intend to respond to this proposal so that you may receive this information.

Appointments may be scheduled to discuss further any specific matters necessary in preparing your proposal by contacting Ms. Wiktorowski at 248-449-9912.

During the selection process, no contact should be made regarding the Audit Services Proposal with any of the members of City Council.

Exhibit A
City of Northville
RFP – Financial Audit Services
Proposer Questionnaire

Firm Name: _____

Address: _____

City/State/Zip: _____

Telephone Number: _____

Email Address: _____

Year Firm Established: _____

Type of Organization: _____

License to Practice in the State of Michigan: _____

Signature: _____ Date: _____

Printed Name: _____

Title: _____

Attach Section A responses and Section B fee schedule to this questionnaire.

Exhibit B
City of Sample
RFP – Financial Audit Services

CITY	Estimated Hours	Hourly Rate (Year 1)	Total Cost FY 2024	Total Cost FY 2025	Total Cost FY 2026
Partner					
Manager					
Senior Accountant					
Staff Accountant(s)					
Other					
Clerical					
Total Personnel					
Other Costs					
Grand Total - Audit					

SINGLE AUDIT	Estimated Hours	Hourly Rate (Year 1)	Total Cost FY 2024	Total Cost FY 2025	Total Cost FY 2026
Partner					
Manager					
Senior Accountant					
Staff Accountant(s)					
Other					
Clerical					
Total Personnel					
Other Costs					
Total for Single Audit					

Fee structure for special requests: