
REQUEST FOR PROPOSALS

**PROFESSIONAL AUDIT SERVICES
FOR THE FISCAL YEARS ENDING APRIL 30, 2021, 2022, AND 2023**



**FEBRUARY 5, 2021
CITY OF O'FALLON, ILLINOIS
255 S. Lincoln Ave.
O'Fallon, Illinois 62269**

O’FALLON, ILLINOIS
PROFESSIONAL AUDIT SERVICES REQUEST FOR PROPOSALS

Proposal #: Finance-2021-0001

DATE ISSUED: February 5, 2021

CLOSING DATE: February 26, 2021

The City of O’Fallon, Illinois will receive sealed proposals from qualified firms of certified public accountants to audit its financial statements for fiscal years ending April 30, 2021, 2022, and 2023 with the option of auditing the financial statements for fiscal years 2024 and 2025 at the request of the City of O’Fallon. Please read this entire request for proposals and submit your proposal in accordance with these instructions. Proposals improperly prepared and submitted may be rejected.

DESCRIPTION OF PROJECT: The City of O’Fallon (“City”), St. Clair County, Illinois, will receive sealed proposals for PROFESSIONAL AUDIT SERVICES until February 26, 2021, 4:30 P.M. at City Hall, 255 South Lincoln, O’Fallon, Illinois 62269. All proposals must be received prior to the date and time shown above. Proposals transmitted by facsimile and electronically submitted will not be accepted.

No proposer may withdraw the submitted proposal for a period of thirty (30) days after the actual date of the opening thereof. The City of O’Fallon, Illinois, reserves the right to reject any or all proposals and to waive any informalities or technicalities in the proposal.

All proposals should be addressed to:

Administrative Services Coordinator
RE: PROFESSIONAL AUDIT SERVICES
O’Fallon City Hall
255 South Lincoln Avenue
O’Fallon, Illinois 62269

Deadline for submissions is February 26, 2021 at 4:30 P.M. Bids will be evaluated beginning on March 1, 2021.

Provisions: The City of O’Fallon retains the right to reject any or all proposals, to waive technicalities, and accept the proposal which they believe to be the most advantageous to the City.

Section 1 – General Information and Background

A. Purpose and Invitation to Submit Proposal

The City of O'Fallon, Illinois is requesting proposals from qualified firms of certified public accountants to audit the City's financial statements for fiscal years ending April 30, 2021, 2022, and 2023. Periodically, the City requests proposals from qualified firms to assure that the City is getting the best pricing and services available.

A three-year contract is contemplated with the option of auditing the financial statements for fiscal years 2024 and 2025 at the request of the City of O'Fallon, subject to annual review, and the satisfactory negotiation of terms, including a price acceptable, to both the City of O'Fallon and the selected firm.

Specifications included in this packet are based on current available information and are not binding. It will be the responsibility of the successful proposer to verify all information with the City before issuing the contract and providing services.

B. Description of the City of O'Fallon, Illinois

The City of O'Fallon was incorporated in 1854. The City has a population over 30,000. O'Fallon's rich history of trade and industry, and its solid foundation for continued growth and prosperity make it one of the area's most popular communities in which to live and work.

The City's fiscal year begins on May 1 and ends on April 30. City services and functions are divided into the following departments: Administration, Community Development, Economic Development, EMS, Fire, Information Technology, Parks and Recreation, Police, Public Works, and Library (Component Unit).

The City of O'Fallon gained home-rule status in 2006. It is governed by a Mayor and a fourteen-member City Council. The City's outstanding general obligation bond rating is AA+ from Standard & Poor's Investors Service.

Additional information, including the most recent Audited Financial Statement, can be found online at www.ofallon.org.

Pension Plans

The City of O'Fallon participates in the Illinois Municipal Retirement Fund. The City has defined benefit pension plans for the police department and fire department.

Budget

The City of O'Fallon prepares its annual budget on the cash basis. The annual expenditure budget for Fiscal Year 2021 is over \$84 million (\$21 million in the General Fund and \$31 million in the Enterprise Fund) and can be found on our website at www.ofallon.org.

Magnitude of Finance Operations

The Finance Department is directed by Sandy Evans, Director of Finance, and consists of five (5) full time employees. The principal functions performed are as follows:

<u>Position</u>	<u>Number of Employees</u>	<u>Number of Years with the City</u>
Director of Finance	1	13
Senior Accountant	1	8
Accountant/Payroll Administrator	1	4
Accounts Payable	1	22
Administrative Services Coordinator	1	1

The City of O'Fallon has an annual payroll (paid bi-weekly) of approximately \$ 16 million, covering full-time and permanent part-time employee positions. The number of seasonal part-time and temporary employees varies with as many as 200 during the summer.

Federal and State Grants

The City of O'Fallon has at times received grants for various projects. The City has met the threshold for a single audit in 2010 and 2014 and is likely to meet this threshold in future years. A single audit will be required for fiscal year 2021.

C. Organization

This Request for Proposals is divided into the following parts:

Section 1 – Introduction and Background Pg. 3

Section 2 – General Specifications Pg. 5

Section 3 – Response Submission Information Pg. 9

Section 4 – Proposal Evaluation Pg. 11

Attachment A – Audit Proposal Form Pg. 14

Attachment B – Auditor Qualifications Questionnaire Pg. 15

D. RFP Schedule:

DATE	TIME	ACTION
February 5, 2021	8:30 A.M.	Distribution of RFP
February 26, 2021	4:30 P.M.	Sealed responses due to City Hall
March 8, 2021	N/A	Initial Evaluations Complete
March 22, 2021	5:30 P.M.	Recommendation of Award to Finance Committee
April 30, 2021	N/A	Implementation Date of Contract

E. Submitted Questions

Request for clarification or additional information from potential proposers must be submitted via e-mail

to Greg Anderson, Administrative Services Coordinator, at ganderson@ofallon.org .

F. **Amendments**

The City reserves the right to officially modify or cancel the RFP after issuance. In the event of a material modification, all known and/or potential proposers will be notified of an amendment to this RFP.

Section 2 – General Specifications

1. **Scope**

The City of O’Fallon, Illinois is requesting proposals from qualified firms of certified public accountants to audit the City’s financial statements for fiscal years ending April 30, 2021, 2022, and 2023. A three-year contract is contemplated with the option of auditing the financial statements for fiscal years 2024 and 2025 at the request of the City of O’Fallon, subject to annual review, and the satisfactory negotiation of terms, including a price acceptable, to both the City of O’Fallon and the selected firm.

The City of O’Fallon desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with accounting principles generally accepted in the United States of America.

The auditor is to provide an opinion on the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City based on the auditing procedures applied during the audit of the financial statements.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information (RSI) required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

As a part of the contract, the auditors shall also complete on a timely basis the State of Illinois Comptroller Report.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

B. **Funds to be Audited**

The City of O’Fallon has five major governmental funds, two major business-type activities (water and sewer) and manages four Tax Increment Financial districts. The following fund types are currently used in the City’s financial reporting:

Fund Type	#	Approved Budget
<i>Government</i>	6	5
<i>Debt Service</i>	11	11
<i>Capital</i>	2	2
<i>Enterprise</i>	2	2
<i>Internal Service</i>	8	8
<i>Pension Trust</i>	3	3
<i>Component</i>	1	1

<i>Special Revenue</i>	16	16
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2. **City Responsibility**

The City of O’Fallon will provide individual fund statements and supporting schedules for all GASB adjustments / footnotes.

The Letter of Transmittal, Management’s Discussion and Analysis, and necessary letterhead will be provided by the City of O’Fallon.

While final responsibility for the financial statements rests with the City of O’Fallon, the City of O’Fallon expects that the auditor possesses and demonstrate sufficient expertise in governmental accounting and reporting to assure that all reporting requirements are met.

C. **Work Plan Methodology**

The prospective qualified firm shall provide a project plan that describes how the firm will conduct professional auditing services for the City. The description shall include, but is not limited to the following:

1. Account team structure and roles that will service the City (including description of contacts, account team support, and periodic review process)
2. Communication process with the City
3. Timeline/Schedule of Services and how the firm will meet deadlines
4. Dates and expected timeline of on-site visits
5. Price proposals

D. **Schedule**

1. Approximately six weeks will be needed to close the City’s books and prepare reports. Therefore, audit work may begin the middle of July at an agreed upon schedule.
2. The auditor shall have drafts of the audit report and recommendations to management available for review no later than the second week of September.
3. The City’s staff will complete their review of the draft report as expeditiously as possible. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. It is anticipated that this process will be completed and the final report, available in PDF format and 8 printed signed copies, delivered no later than the second week of October.

E. Reporting Requirements

Report preparation, editing, printing and supplies including covers, dividers, and spines shall be the responsibility of the auditor. Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. Report on the fair presentation of the financial statements in conformity with generally accepted accounting principles
2. Report on compliance and internal control over financial reporting based on an audit of the financial statements
3. Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 (Single Audit)
4. Report on compliance with Illinois Tax Increment Redevelopment Allocation Act (65 ILCS 5/11-74.4-3)
5. Any new reporting requirements not specifically mentioned above

F. RSI Schedules (required but not audited)

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedules – Major Special Revenue Funds
3. Schedule of Changes in Net Pension Liability and Related Ratios
4. Schedule of Contributions – Last 10 Fiscal Year

G. Supplementary Information (subject to audit)

1. Schedule of Expenditures of Federal Awards, if applicable
2. Report on Compliance with Illinois Tax Increment Development Allocation Act (65 ILCS 5/11-74, 4-3)
3. Budgetary Comparison Schedules – Major Capital Projects and Debt Service Funds
4. Combining Balance Sheet – Nonmajor Governmental Funds
5. Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds
6. Budgetary Comparison Schedules – Nonmajor Governmental Funds
7. Combining Balance Sheet – Tax Increment Financing Funds
8. Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Tax Increment Financing Funds

9. Combining Statement of Revenues, Expenditures and Change in Fund Balance – Budget (GAAP Bases) and Actual – Nonmajor Special Revenue Funds, Nonmajor Capital Projects Funds, Nonmajor Debt Service Funds
10. Illinois Department of Commerce and Economic Opportunity Grant – Statement of Revenues and Expenditures – Budget and Actual
11. Schedule of Capital Assets by Function/Activity

H. **Other Supplementary Information (not subject to audit)**

1. List of Officials
2. Schedule of Funding Progress – Police Pension
3. Schedule of Funding Progress – Fire Pension
4. Comparative Statements of Net Position
5. Comparative Statements of Activities
6. Assessed Valuations and Property Tax Rates – Last Ten Years
7. General Governmental Funds and Component Unit Revenues by Source – Last Ten Years
8. General Governmental Funds and Component Unit Expenditures by Function – Last Ten Years

I. **Management Letter**

If, during the course of the examination, 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 O'Fallon.

J. **Miscellaneous Services**

1. Attend and present findings at a Finance Committee meeting (held the 4th Monday) prior to calendar year end based on requested date
2. Provide assistance throughout the year

K. **Annual Agreement**

The term of contract will be for three (3) years with two (2) one-year renewal options, for fiscal years 2024 and 2025 at the request of the City of O'Fallon.

Section 3 – Response Submission Information

A. Proposal Submission

Proposals are to be submitted in a sealed envelope or package, no later than February 26, 2021 at 4:30 P.M., to the Administrative Services Coordinator, 255 S. Lincoln, O’Fallon Illinois. Include Proposal # on the outside of the envelope or package, RE: PROFESSIONAL AUDIT SERVICES. Late proposals will not be accepted.

Proposers accept all risks of late delivery of mailed proposals regardless of fault. Facsimile and other electronically transmitted proposals will not be considered. All proposals and accompanying documentation will become the property of the City and will not be returned.

Request for clarification or additional information from potential proposers must be submitted via e-mail to Greg Anderson, Administrative Services Coordinator, at ganderson@ofallon.org .

B. Terms and Conditions

1. The City reserves the right to change the Proposal schedule or issue amendments to the RFP at any time. The City reserves the right to cancel or reissue the RFP, to reject any or all proposals, to waive any irregularities or informalities in the selection process, and to accept or reject any item or combination of items. The City reserves the right to request clarification of information from any proposer or to request supplemental material deemed necessary to assist in the evaluation of the proposal. This RFP does not obligate the City to accept or contract for any expressed or implied services.
2. The City will not reimburse any firms for any costs involved in the preparation and submission of responses to this notice.
3. Firms shall comply with all applicable laws, regulations and rules promulgated by any federal, state, local, or other governmental authority or regulatory body pertaining to all aspects of services, now in effect, or which may become in effect during the performance of the contract.
4. Upon submission of the proposal, it is understood that proposal will remain valid through April 30, 2021.
5. In the event that the firm to whom the services are awarded does not execute a contract within thirty (30) calendar days after approval, the City may give notice to such firm of intent to award the contract to the next most qualified proposer or to call for new proposals and may proceed to act accordingly.
6. The City reserves the right to terminate the “Professional Audit Services” contract without a 90-day written notice if the awarded firm fails to comply with any of the terms and conditions of this RFP.
7. The contract may be terminated by either party by giving a written notice to the other party at least ninety (90) calendar days before the proposed terminated date. This provision may be exercised only after the contract has been in effect for at least six (6) calendar months. Under no circumstances will any damages be paid as a result of the termination of this contract. If the firm exercises the right to terminate the contract early, they cannot submit future proposals to

the City for a period of three (3) years.

8. The City also reserves the right to cancel its contract without a 90-day written notice if the firm is sold or merged with another firm. However, an automatic continuation of all terms of the agreement in the event of a merger or acquisition may occur if the firm guarantees in writing that they will continue to meet all required terms of the agreement and the City agrees in writing to the continuation of the agreement.
9. Proposers shall thoroughly examine and be familiar with the scope of services. The failure or omission of any proposer to receive or examine this document shall in no way relieve any proposer of obligations with respect to this RFP or the subsequent contract.

C. **Proposal Format/Required Sections**

1. **Title Page**
2. **Table of Contents:** The proposal should contain a Table of Contents section at the beginning of the proposal that includes all contents and attachments.
3. **Cover Letter:** The cover letter should contain the name of the proposing firm, the address of the firm, and the individuals authorized to answer technical questions. Include the individual's phone number and email address. 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 fees.
4. **Profile of the Proposer:**
 - a. Independence
 - b. License to practice in Illinois
 - c. Firm qualifications and relevant experience
 - d. Similar engagements with other government entities with references
 - e. Location of the office and the total number of Partners and professional staff from that office
 - f. Partner, supervisory and staff qualifications and experience with governmental accounting and CAFR preparation
 - g. Work plan methodology
 - h. Audit approach
 - i. Identification of anticipated potential audit problems
 - j. Report format
5. **Fees and Billings:**
 - a. It is the intention of the City to retain the same audit firm for a minimum of three years. Provide a maximum "not-to-exceed" fee proposal using the attached Audit Proposal Form.
 - b. Describe the circumstances under which you would propose to increase the fee and how you would communicate such a potential increase to the City of O'Fallon.
 - c. List, by Partner and staff level, hourly billing rates to be charged should the City of O'Fallon expand the scope of the audit or require additional services.

6. **References:** Provide three (3) client references including client name, contact personnel, address, and telephone numbers for clients who are currently provided similar services, preferably other governmental units, that the City may contact.
7. **Completed Attachments:** Complete and attach Attachment A: Audit Proposal Form and Attachment B: Auditor Qualifications Questionnaire.
8. **Concluding Remarks and Additional Data/Information:** Include any final comments or further elaboration deemed necessary to gain a better understanding of proposed services and/or capabilities. The proposer may include any additional information, schedules, or attachments.

Section 4 – Proposal Evaluation

Proposals will be evaluated by a committee of City staff based on which proposer best meets the requirements of the City of O'Fallon. Evaluations will be based on criteria outlined herein which may be weighted by the City in a manner it deems appropriate. All proposals will be evaluated using the same criteria and weighting.

Critical factors will be technical expertise, the qualifications of the firm and audit team, and the audit fee.

The City reserves the right to consider the proposal with the best cost-savings opportunity, or in any way determined to be in the best interests of the City. Award will be based on the following factors (where applicable):

- a. adherence to all conditions and requirements of the RFP
- b. firm experience
- c. experience and education of personnel assigned to the City
- d. verifiable work of a similar nature
- e. cost
- f. additional services offered beyond the scope of work, including past performance, financial responsibility, general reputation, experience, service capabilities, and any discounts/incentives.

A. Award of Contract

The City will review all qualified proposals and may choose to rank/short list the top two (2) for further evaluation. The City reserves the right to ask additional questions or request clarifications of all proposers during the evaluation process as outlined in the RFP.

If it is necessary to conduct interviews, the City will choose the qualified firms and schedule interviews accordingly.

Evaluation Factors will be as follows:

1. Costs to the City which should be stated in the proposal
2. Proven experience, reliability, and service of the firm's organization, as well as qualifications of personnel proposed to service the City
3. Work plan methodology
4. Client references, including recent local government clients
5. **Interview:** firms submitting proposals may be required to make an oral presentation and respond to questions related to their qualifications and experience. The presentation by the proposing firm may be considered by the evaluation team in the determination of award.

PLEASE SUBMIT THE FOLLOWING
PAGES WITH YOUR PROPOSAL

ONE (1) ORIGINAL AND THREE (3) COPIES

ATTACHMENT A: AUDIT PROPOSAL FORM

Each proposal shall fully meet the requirements as set forth on the “Audit Proposal Form.” Proposals shall be quoted on the total annual cost basis for the audit, management letter, State of Illinois Comptroller’s report, single audit and by hourly cost quotes for services that may be requested beyond the scope of the audit. Attached is a proposal that bidders shall use in submitting their proposals.

CITY OF O’FALLON AUDIT PROPOSAL FORM

Maximum charge for examination and reporting of the City of O’Fallon’s Financial Statements (including Management Letter and Illinois Comptroller’s Report).

Description	2021	2022	2023	2024 option	2025 option
Financial Statement Audit	\$	\$	\$	\$	\$
Single Audit (1 major program, if needed)					
Meetings and Letters to Management, Board, or Audit Committee					
Year-Round Access to Assigned Professionals					
TOTAL MAXIMUM FEE*	\$	\$	\$	\$	\$

*The above Audit Fees represents the annual maximum “not to exceed” fee for a series of one year engagements. These fees should include all expenses.

The (If Necessary) Single Audit Fees are the additional fees the firm would charge if a Single Audit were deemed necessary.

Payment will be made upon receipt of progress billings with final payment made after receipt of the Annual Financial Report.

At the end of each one-year engagement, the contract is considered automatically extended for one year unless the City notifies the independent auditor, in writing by no later than January 1, of the fiscal year to be audited, that the City will not renew the engagement.

The Auditor and the City agree that an equitable adjustment in the contract price may be negotiated if the cost or the time required for performance of the audit service is increased pursuant to a change in scope requested by the City.

ATTACHMENT B: AUDITOR QUALIFICATIONS QUESTIONNAIRE

CPA Firm name: _____

Address of proposed servicing office:

Phone #: _____ Fax #: _____

Number of Illinois municipal clients: _____

Service Team

CPA(s): _____

Assistant: _____

Email Addresses: _____

Direct Phone Numbers: _____

Other Service Team Members and Responsibilities:

Account Executive Qualifications

Number of Illinois municipalities currently handled	
Years working with Illinois municipalities	
Years of experience as certified public accountant(s)	
Years with firm	
Professional designations (list)	

Assistant Qualifications

Years in accounting	
Years with firm	
Professional designations (list)	