

***Request for Proposals***  
***for***  
***Audit Services***  
***January 12, 2018***  
***City of Sioux Falls, South Dakota***  
***Proposal Request No. 18-0008***

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# Request for Proposals for Audit Services

## Section 1—Introduction and Instructions

### 1.01 Purpose of the RFP

This Request for Proposal (RFP) is issued by the City of Sioux Falls (hereinafter referred to as the “City”). The purpose of this RFP is to establish a contract with a qualified firm for Audit Services.

### 1.02 Contact Person, Telephone, Fax Number, and Email

Scott Rust, Purchasing Manager, Finance Department, is the point of contact for this RFP. Unauthorized contact regarding the RFP with other City employees may result in the vendor being disqualified.

Scott Rust, Purchasing Manager, Finance Department

Phone: 605-367-8836

Fax: 605-367-8016

Email: [srust@siouxfalls.org](mailto:srust@siouxfalls.org)

### 1.03 RFP Schedule of Events

This schedule of events represents the City’s best estimate of the schedule that will be followed for this RFP. If a component of this schedule such as the deadline for receipt of proposals is delayed, the rest of the schedule will be shifted by the same number of days.

The approximate RFP schedule is as follows:

- RFP issued: January 12, 2018.
- Deadline for questions: February 2, 2018.
- Proposals due: February 8, 2018.
- Review of Proposals: February 12–16, 2018.
- Presentations: February 26–March 2, 2018.
- Intent to Award Issued: March 9, 2018.
- Execute Contract: March 21, 2018.

#### **1.04 Return Mailing Address and Deadline for Receipt of Proposals**

Firms must submit one (1) original hard copy (marked "Original") and five (5) hard copies of the proposal in a sealed envelope or package. Also include one electronic copy of the proposal on a flash drive.

**One Cost Proposal is to be submitted in a separate sealed envelope or package, clearly labeled "Cost Proposal."**

Envelopes or packages containing proposals must be clearly addressed as described below to ensure proper delivery and to avoid being opened by the City before the deadline for receipt. Envelopes or packages must be addressed as follows:

City of Sioux Falls Purchasing Office  
Attention: Scott Rust  
Financial Audit Services  
RFP No. 18-0008  
224 West Ninth Street  
P.O. Box 7402  
Sioux Falls, SD 57117-7402

Proposals must be received by the Purchasing Office at the location specified no later than **2 p.m., Central Standard Time, on Thursday, February 8, 2018**. Proposals will not be publicly read at the opening.

Proposals may not be delivered orally, by facsimile transmission, by other telecommunication, or electronic means.

Firms assume the risk of the method of dispatch chosen. The City of Sioux Falls ("City") assumes no responsibility for delays caused by any delivery service. Postmarking by the due date will not substitute for actual proposal receipt by the City. A Firm's failure to submit its proposal prior to the deadline will cause the proposal to be rejected. Late proposals or amendments will not be opened or accepted for evaluation.

#### **1.05 Questions and Addenda**

Questions regarding this RFP shall be submitted in writing to Scott Rust, Purchasing Manager, at [srust@siouxfalls.org](mailto:srust@siouxfalls.org). Answers to questions will be posted to the City's website. The deadline for questions is 2 p.m. Central Standard Time, Friday, **February 2, 2018**.

If deemed necessary, addenda to the RFP will be issued and will be emailed to the proposers. No addenda will be issued after 5 p.m., Monday, **February 5, 2018**.

Responding Firms are prohibited from communicating in any other manner about this project with any other City employee from the date of issuance of this proposal until the final selection, unless otherwise directed by the Purchasing Manager. Other means of communications or contact may disqualify the submitting Firm.

## **Section 2—Scope of Work**

### **2.01 Introduction**

The City of Sioux Falls (the City) is issuing this request for proposal (RFP) for professional services from qualified firms of certified public accountants to audit its financial statements for the fiscal years 2018, 2019, and 2020. The audit period under contract may be extended at the discretion of the City.

To meet the requirements of this request for proposals, these audits must be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the standards applicable to financial audits contained in the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The auditing firm (the Auditor) selected by the City must be a licensed certified public accounting firm in the state of South Dakota and must be acceptable to the South Dakota Auditor-General.

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

The City reserves the right to reject any or all provisions submitted and/or waive any irregularity.

The City's most recent budget and Comprehensive Annual Financial Report (CAFR) document can be found on the City's website [www.siouxfalls.org](http://www.siouxfalls.org).

### **2.02 Background**

The city is a rapidly growing city with a population of approximately 178,500. The City is governed by eight part-time Council Members and a full-time Mayor. The City provides a wide range of municipal services including police and fire protection, public utilities, public parking, health and social services, public transportation, culture and recreation activities, and infrastructure development and maintenance. The City has a payroll of approximately \$76 million annually and employs about 1,200 full-time and about 500 temporary and seasonal employees.

The fiscal year used by the City is identical to the calendar year. The City prepares its budgets on a basis consistent with GAAP.

Detailed information on the City in general and the financial accounting structure in particular may be found in the CAFR available at [www.siouxfalls.org](http://www.siouxfalls.org).

## 2.03 Scope of Work

The Auditor will perform the audit of the City's general purpose financial statements as of December 31, 2018, 2019, and 2020 according to the standards identified in the introduction of this RFP. In addition to Auditor reports on the City's financial statements, the Auditor will also issue the following reports:

- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
- Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.

There are no entities whose component unit financial statements are to be combined with and included as part of the City's general purpose financial statements other than the Sioux Falls Housing and Redevelopment Commission and the Metro Communications Agency.

The Auditor's report on internal control structure will include any reportable conditions and material structural or operational weaknesses in the system of which the Auditor becomes aware. The Auditor's report on compliance matters will include any errors, irregularities or illegal acts; violations of compliance obligations and other responsibilities imposed by state and federal statutes and regulations and assumed by contracts; and any state or federal grant, entitlement or loan program questioned cost of which the Auditor becomes aware.

Prior to issuing the final reports, the Auditor will meet with the Audit Committee of the City Council. All reports will be addressed to the Mayor and the City Council. The Auditor must be available to present an oral summary of the reports to the City Council at a regularly scheduled meeting and answer any questions that the City Council members may ask about the audit and the City's financial statements.

The Auditor may be consulted occasionally throughout the year as an information resource. The Auditor may be asked to provide guidance on implementation of Government Accounting Standards Board (GASB) requirements and specifics of federal and state regulations as they may affect local government accounting. They may also be asked to assist with the implementation of new pronouncements. The cost of such assistance should be taken into account with the Auditor's price proposal and **should not be an extra charge**. For details on the type of assistance provided in the past, prospective auditing firms should call the Director of Finance at 605-367-8837.

The City of Sioux Falls has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officer's Association (GFOA) for many years. The City considers the achievement of receiving this award to be a high priority and expects the Auditor to assist the City Finance staff in earning this award.

**Time is of the essence in completing the audit.** The City expects the Auditor to begin field work in January and to be finished with most field work by mid-February so that the CAFR can be released to the Mayor and City Council by the end of the first quarter (March 31). The City expects that some field work such as risk assessments and inventory counts could begin before year-end.

## **2.04 City's Responsibilities**

The Director of Finance or his designee will be responsible for coordinating the audit process internally. The Auditor will meet on a weekly or more often basis during the field work process with the Director or his designee to discuss preliminary audit findings and management recommendations.

City staff will prepare the final closing of the books and the CAFR. The City will provide balance sheets for all funds and groups, statements of revenue and expenditures for all funds as well as detailed subsidiary ledgers.

City staff will provide the confirmation letters that are mailed by the auditors.

City staff will be available to assist the auditors in locating records or preparing audit schedules. All requests will first be directed to the Director of Finance or his designee.

The City will provide the Auditor and staff with reasonable workspace, and access to telephones, facsimile machines, and photocopying machines.

The City of Sioux Falls has an independent internal audit staff comprised of one Internal Audit Manager and two staff internal auditors. The Internal Auditor Manager is appointed by and reports to the Audit Committee of the City Council. Internal audit reports will be provided to the Auditor, and the Internal Auditor Manager will be available to discuss internal audit reports and any other information that the Auditor deems necessary.

## **2.05 Additional Provisions**

The Auditor shall be an independent contractor and the Auditor's officers, agents, and employees shall not be deemed officers, agents, or employees of the City.

The Auditor will warrant that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity.

All working papers and reports must be maintained by the Auditor, at the Auditor's expense, for a period of five (5) years, unless the Auditor is notified in writing by the City of the need to extend the retention period. The Auditor shall make working papers and reports available, upon request, to the following parties or their designees:

- City of Sioux Falls.
- State of South Dakota Department of Legislative Audit.
- Department of Housing and Urban Development.

- U.S. Government Accountability Office.
- Parties designated by the federal or state governments or by the City as part of an audit quality review process.
- Auditor of entities of which the City is a subrecipient of grant funds.
- Auditor of entities of which the City is a component unit.

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.

### **Section 3—Proposal Format and Content**

#### **3.01 Submittal Requirements**

The submittal must contain the following information:

1. **Cover Letter.** Provide name and address of the Firm and project contact person with address, telephone number, and email address. Acknowledge receipt of any addenda if applicable. Summarize your understanding of the project. Provide a statement indicating your ability to provide timely services and meet the requirements of the proposed schedule. Indicate your acceptance of the requirements of this RFP. Provide a one-page summary of the benefits you believe the City would receive from selecting your Firm.

The cover letter **must be signed** by a duly authorized official of the Firm. Consortiums, joint ventures, or teams submitting proposals must establish contractual responsibility rests solely with one company or one legal entity. Each submittal should indicate the entity responsible for execution on behalf of the proposal team. The firm offer must be good for 180 days.

2. **Project Team Experience Qualifications**

- a. Prepare an organizational chart showing your Firm's team that would perform the auditing for the City of Sioux Falls.
- b. Provide resumes or a listing of information for each person that will perform the audit work for the City of Sioux Falls. State their educational background of each individual, years of experience, length of employment with your firm, and experience with providing audit services for a governmental agency. List their specific responsibilities and their experience auditing similar cities of similar size and type, and current work assignments and availability.

3. **Scope of Work.** Describe your ability to meet the scope of work in Section 2.03 and list any exceptions to the City's requirements.

4. **References.** Company shall provide a list with contact information of other cities that your firm has provided auditing services.



5. **Experiences.** Firms shall supply with their proposal recent similar government auditing experience.
6. **Cost Proposal.** Proposer shall submit a detailed cost proposal with a breakdown of the fees and or commissions to perform the work listed in Section 2.03 Scope of Work. Firms should submit a proposal with the understanding that the City may elect to market, negotiate, and sell title sponsor naming rights independently. Proposals can include multiple pricing models to accommodate the various scenarios. Firms will be required to hold pricing firm for 180 days. **(Cost proposal shall be in a separate sealed envelope.)**

## **Section 4—Review of Proposals and Selection of Finalists for Interviews**

### **4.01 Selection Criteria**

Upon receipt of the proposals, an evaluation team will determine the best proposal deemed most qualified based on the following criteria:

The evaluation team will rely on the qualitative information contained and presented in the proposals, the reference checks made, and the ability to work well with other project team members in making the decision to select the most qualified Firm to provide services for the City. Selection criteria will be based on:

#### **Evaluation Criteria (100 Point Potential Score)**

- A. Experience of firm and ability to provide audit services to the City. **30 points**
- B. Past performance for the City or with similar organizations in providing similar services. **20 points**
- C. General understanding of the scope of services of this project and ability to provide the audit report in the time frame requested. **20 points**
- D. Firm's Capacity and resources available to perform the audit. **10 points**
- E. Cost proposal. **20 points**

Upon review of the proposals, the City will score the proposals and may short list and may interview the highest ranking Firms. Upon completion of the interviews, if conducted, the highest ranking Firm may be asked to enter into contract negotiations with the City of Sioux Falls. If an agreement cannot be reached with the highest ranked Firm, the City may move to the next highest ranked Firm. The same process will be repeated with the other ranked Firms if no such agreement can be reached. The City reserves the right to not select a Firm as part of this process if an agreement cannot be reached or for any other reason.

#### **4.02 Interviews**

The City may interview the two highest ranking firms. The interview will consist of up to a 60-minute interview with the firm and question and answer session. The proposed key firm personnel must participate in the interview. Only Firm personnel who will have an active key role in providing the services should participate in the interview. Costs of the interview will be the responsibility of the Firm.

#### **4.03 Special Conditions**

Excluding proprietary information, the successful Firm's proposal and contract are deemed public records and shall be available to the public upon request. In addition, the City shall maintain a "Register of Proposals for this Contract," which shall contain the names of companies who submitted a proposal and the name of the company who was awarded the contract; however, the proposals of the submitting Firms not awarded the contract are nonpublic records and will remain confidential.

#### **4.04 Contract Award**

It is the City's intent to enter into a contract with a Firm who best demonstrates the ability to provide Audit Services for the City of Sioux Falls. After review of the proposals, if the City decides to not enter into contract, the City will notify all Firms.

### **Section 5—Standard Proposal Information**

#### **5.01 Authorized Signature**

An individual authorized to bind the Offeror to the provisions of the RFP must sign all proposals.

#### **5.02 City Not Responsible for Preparation Costs**

The City will not pay any cost associated with the preparation, submittal, presentation, or evaluation of any proposal.

#### **5.03 Conflict of Interest**

Offerors must disclose any instances where the Firm or any individuals working on the contract has a possible conflict of interest and, if so, the nature of that conflict (e.g., employed by the City of Sioux Falls). The City reserves the right to cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the Offeror's proposal. The City's determination regarding any questions of conflict of interest is final.

#### **5.04 Offeror's Certification**

By signature on the proposal, the Offeror certifies that it complies with:

- The laws of the state of South Dakota.
- All applicable local, state, and federal laws, codes, and regulations.
- All terms, conditions, and requirements set forth in this RFP.
- A condition that the proposal submitted was independently arrived at without collusion.
- A condition that the offer will remain open and valid for the period indicated in this solicitation and any condition that the Firm and/or any individuals working on the contract do not have a possible conflict of interest (e.g., employed by the City).

If any Firm fails to comply with the provisions stated in this paragraph, the City reserves the right to reject the proposal, terminate the contract, or consider the contractor in default.

#### **5.05 No Contact Policy**

Any contact with any City representatives, related officials, or representatives other than those outlined in the RFP is prohibited. Such unauthorized contact may disqualify your Firm from this procurement.

#### **5.06 Indemnification**

To the fullest extent permitted by law, the provider, its subcontractors, agents, servants, officers, or employees shall indemnify and hold harmless the City, including but not limited to, its elected and appointed officials, officers, employees, and agents, from any and all claims brought by any person or entity whatsoever, arising from any act, error, or omission of the provider during the Firm's performance of the Agreement or any other agreements of the Firm, entered into by reason thereof. The Firm shall indemnify and defend the City of Sioux Falls, including, but not limited to its elected and appointed officials, officers, employees and agents, with respect to any claim arising, or alleged to have arisen from negligence, and/or willful, wanton or reckless acts or omissions of the Firm, its subcontractor, agents, servants, officers, or employees and any and all losses or liabilities resulting from any such claims, including but not limited to, damaged awards, costs and reasonable attorney's fees. The indemnification shall not be affected by any other portions of the Agreement relating to insurance requirements. The Firm agrees that it will procure and keep in force at all times at its own expense insurance in accordance with these specifications.

## **5.07 Insurance Requirements**

The Firm shall secure the insurance specified below. All insurance secured by the Firm under the provisions of this section shall be issued by insurance companies acceptable to the City. The insurance specified in this section may be in a policy or policies of insurance, primary or excess. Certificates of all required insurance shall be provided to the City upon execution of this agreement.

1. Workers' compensation insurance providing the statutory limits required by South Dakota law. In addition, it shall provide Coverage B, Employer's Liability Coverage, of not less than \$1,000,000 each accident, \$1,000,000 disease-policy limits. The required limit may be met by excess liability (umbrella) coverage.
2. Commercial general liability insurance providing occurrence form contractual, personal injury, bodily injury and a property damage liability coverage with limits of at least \$1,000,000 per occurrence, \$2,000,000 general aggregate, and \$2,000,000 aggregate products and completed operations. The required limit may include excess liability (umbrella) coverage. The policy shall name the City and its representatives as an additional insured. If "occurrence form" insurance is not available, "claims made" insurance will be acceptable. The policy shall be maintained for three years after completion of this agreement.
3. Professional liability insurance providing occurrence basis coverage for the claims that arise from the errors of the Firm or its consultants, omissions of Firm or its consultants, failure to render a service by the Firm or its consultants, or the negligent rendering of the service by the Firm or its consultants in the amount of \$1,000,000 each occurrence and \$1,000,000 annual aggregate. If occurrence form insurance is not available, claims made coverage shall be maintained for two years after final completion of the services. The City does not represent that the above coverages and limits are adequate to protect the Firm or its consultant's interest and assumes no responsibility therefor.

The Firm will provide the City with at least 30 days' written notice of an insurer's intent to cancel or not renew any of the insurance coverage. The Firm agrees to hold the City harmless from any liability, including additional premium due because of the Firm's failure to maintain the coverage limits required.

The City's approval or acceptance of certificates of insurance does not constitute the City's assumption of responsibility for the validity of any insurance policies nor does the City represent that the above coverages and limits are adequate to protect any individual/group/business, its consultants' or subcontractors' interests, and assumes no liability therefore.

## **5.08 Special Conditions**

The City reserves the right to reject any and all proposals, to waive formalities, and to select the proposal and developer(s) that, in the City's sole discretion, are in the best interests of the City of Sioux Falls, South Dakota.

The City reserves the right to:

- a) Amend, modify, or withdraw this RFP.
- b) Revise any requirements under this RFP.
- c) Require supplemental statements of information from any responding party.
- d) Extend the deadline for submission of responses hereto.
- e) Negotiate or hold discussions with any bidder to correct insufficient responses that do not completely conform to the instructions contained herein.
- f) Waive any nonconformity with this RFP.
- g) Cancel, in whole or in part, this RFP if the City deems it is in its best interest to do so.
- h) Request additional information or clarification of information provided in the response without changing the terms of the RFP.
- i) Waive any portion of the selection process in order to accelerate the selection and negotiation with the top-ranked Firm.
- j) Not award a contract as a part of, or result of, this RFP process.

The City may exercise the foregoing rights at any time without notice and without liability to any bidder, or any other party, for expenses incurred in the preparation of responses hereto or otherwise.