

October 15, 2014

CITY OF LADUE

9345 Clayton Road
St. Louis County, Missouri
63124-1587

REQUEST FOR PROPOSAL

FOR

PROFESSIONAL AUDITING SERVICES

FOR FISCAL YEARS (JANUARY 1 – DECEMBER 31)

2014, 2015, 2016, (2017, 2018)

RFP DUE DATE:

NO LATER THAN NOVEMBER 17, 2014 12:00 P.M.

ANTICIPATED AWARD DATE

DECEMBER 15, 2014

The City of Ladue is requesting proposals for independent audit services from qualified certified public accountants for the fiscal years ending December 31, 2014, 2015, and 2016, and two possible one year (2017, 2018) extensions (at the City of Ladue's option). The purpose of these independent audits will be to examine, review, and express an opinion on the fair presentation of its basic financial statements in conformance with generally accepted accounting principles, as well as a review of the financial functions and procedures of the City in order to assess and report on internal controls, and accounting policies and procedures. A copy of the City's most recent (December 31, 2013) audited financial reports can be found on the City's website at <http://www.cityofladue-mo.gov>, as well as prior year reports of audits, budgets and pension actuary reports.

I. General Information

The City of Ladue is a Missouri fourth class city with a Mayor and City Council form of government. Comprising 8.55 square miles, Ladue is home to about 8,521 residents and 3,377 homes. The City is organized with four major departments consisting of Administration, Police, Fire, and Public Works and has approximately 86 full time employees. The Finance department consists of a Finance Director and two accounting clerks functioning in various capacities throughout the Administration department.

The City of Ladue is fiscally conservative and financially sound. The FY 2013 (see web site) combined balance sheet reported a total net position of \$42,009,109. The City accounts for City services through four Major governmental funds. The funds and account groups in existence at the present time and their FYE2013 statistics are as follows:

| | <u>Fund Revenues</u> | <u>Fund Balance</u> |
|--------------------------|----------------------|---------------------|
| General Fund | \$11,775,575 | \$10,063,522 |
| Road and Bridge Fund | \$1,290,741 | \$2,117,086 |
| Capital Improvement Fund | \$1,074,360 | \$2,799,156 |
| Storm Water Fund | \$1,197,015 | \$6,115,493 |

The City is also responsible for (2) Fiduciary Funds. The reported net position at December 31, 2013 of the Firemen's and Policemen's pension fund was \$27,602,346 and of the Non Uniformed employees retirement fund was \$4,207,065.

The City's major sources of revenue include:

- Property Taxes
- Sales Taxes
- Utility Gross Receipt Taxes
- Court Fines
- Business License Fees
- Federal and State grants

The City has no bonded or rated outstanding debt. The City's financial information is maintained on Microsoft (Dynamics SL) Accounting software and payroll is outsourced to ADP. Fixed assets are maintained on Fixed Asset Depreciation (Star) software. The Finance Department requires approximately 60 days to close the City's books at the end of the fiscal year and to provide a modified accrual basis trial balance. Audit field work would normally begin the second week of March.

II. Scope of Services

A. Audit -

The City desires the auditor to express an opinion on the fair presentation of its financial statements in conformance with generally accepted accounting principles. As part of the financial statement audit, the City desires the auditor to review all accounting policies and procedures, all internal controls, bank accounts (including court bond), and perform transaction testing of cash receipts (including court fines), disbursements, and payroll transactions. The scope of the audit should be planned so as to preclude the necessity of an exception arising from scope limitations and should be sufficient to enable the auditor to provide the required information and reports listed in the RFP.

The annual audit shall be conducted in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants. In addition, if necessary, perform an audit in accordance with standards of the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act and OMB Circular A-133, *Audits of State and Local Governments and Nonprofit Organizations*.

B. Required Annual Audit Reports –

Irregularities and illegal acts shall be reported immediately in writing to the Mayor. This report shall include any indications of illegal acts of which the auditors become aware.

A Management Letter shall be prepared for the Mayor and City Council. This letter should include findings, observations, opinions, comments or recommendations relating to internal control accounting systems, data processing, or other matters that come to the attention of the auditing firm during the course of the examination. This shall not be construed as a special or additional study, but will be limited to those actions usually associated with an audit of financial statements.

The auditing firm is required to prepare the general purpose financial statements (which includes notes to the financial statements), and the required supplemental information and other supplemental information. The auditing firm will provide the numbers for the MD&A. The City will be responsible for preparing the Management Discussion and Analysis narrative portion of the Financial Section. The auditing firm will be responsible for typesetting and putting together the final draft. Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the financial statements in conformity with general accepted accounting principles.

The auditor will also be responsible, if required (based on the City's grant activities during the fiscal year), for the issuance of a Single Audit report including the schedule of expenditures of federal awards and a report of internal controls and compliance in accordance with the Single Audit Act and OMB Circular A-133.

C. Meetings and Delivery –

In addition to the above stated requirements, the audit firm will be responsible for immediate reporting to the Mayor, or the Mayor's designated representative of any irregularities discovered during the audit or financial review. The audit firm is also required to attend a meeting at the conclusion of the audit to review with the Finance Director and the Finance Committee the draft audit reports (approximately the second week of May). Following conclusion of the audit, the firm will present its findings and reports to the City Council (3rd Monday of May).

III. Other Services

A. Technical Assistance -

As part of the audit contract, the City of Ladue expects to receive from the audit firm technical assistance throughout the year. This periodic consultation would include answers and interpretations to accounting, reporting, internal controls, GASB compliance, and implementation support. Time required for this assistance would be minor.

B. Additional Audit Work -

If an extraordinary circumstance is discovered during the audit, the City may require an expansion of the audit work beyond what was originally planned. In addition, the audit firm may be requested to perform special audit work or additional focus audits from time to time. These expenses would not be included in the base contract price. A contract addendum or separate contract would be agreed to by both parties prior to the additional work being authorized and performed.

IV. Proposal Requirements for Audit Services

- The audit firm is independent and licensed to practice in Missouri.
- The firm's specific qualifications and relevant experience.
- Partner, supervisor and staff biographies, including the experience of the individuals who will be assigned to the engagement and the relevant experience of each with governmental accounting and in auditing municipalities and preparing audits.
- Reference list of all governmental clients within the St. Louis metropolitan area where your firm has conducted an audit or other financial review within the past three years with contact names and telephone numbers.
- Describe your firm's approach to conducting the audit examination, including your understanding of the scope of the services to be provided and the reports and documents required.
- A listing and explanation of all professional and government standards that will be utilized in the audit and what audit tests will be conducted.
- Please submit a copy of your firm's most current peer review report.
- Schedule of possible dates for the field work and completion of the financial audit and review. This should include a proposed first-year timetable in calendar days for all stages of the project services.
- The selected firm shall comply with the City's standard insurance requirements. A certificate of insurance shall be provided to the City Clerk for review and approval. A copy of the city's standard insurance requirements is attached as Appendix B.

- All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of Ladue of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the City of Ladue. 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.
- Total cost for the basic audit for the first year of the contract and all subsequent years of a contract (Appendix A).
- Total cost for the Single audit (if required) for the first year of the contract and all subsequent years of a contract (Appendix A).
- The City will require 20 bound copies of the final audit report and an electronic copy (suitable for delivery to the Missouri State auditor and for posting on our web site). These will be delivered to the City approximately one week before the auditor will present the report to the City Council.

V. City Responsibility

The City shall provide modified accrual trial balances, supporting schedules and documents and records, the current year's budget, and access to all cash receipts, disbursements, and payroll transactions. The City will be responsible for closing the books on a modified accrual basis and will work with the audit firm to calculate any GAAP adjustments. The City will prepare confirmation letters for the audit. Discussions will be held with the auditing firm to ensure that all needed confirmation letters are prepared and transferred to the auditor in a timely manner for the auditor's delivery to the confirm recipients.

During the audit, the City will provide adequate daytime workspace for the auditing staff. The Finance Director and other staff personnel will be available for consultation and to retrieve information, answer questions, complete reports, clarify information and data, and assist the audit team as needed in order to expedite the audit fieldwork. During the audit, the auditors will meet with the Finance Director to discuss the audit and/or related matters. A review of the draft of the report of comments, suggestions, and recommendations (prepared under a separate cover) will be discussed with the Finance Director. A (post field work) conference to review the audit draft that includes the financial statements, notes, compliance reports, and statistical sections will be held with the Finance Director.

VI. Evaluation and Selection

The City Clerk/Assistant to the Mayor, the Finance Director, and the Chairman of the Finance Committee will review all proposal submissions. They may also request oral interviews with your firm, if desired, to review your proposal. This review team will make a recommendation of a specific firm's proposal to the Finance Committee (on or about December 4, 2014) and to the City Council (on or about December 15, 2014).

The City of Ladue reserves the right to reject any and all proposals or any part of any proposal and to request additional information if desired. Neither the distribution of the RFP or acceptance of a response should be construed as creating a contractual obligation between the City and any firm. The City of Ladue does not authorize and will not accept responsibility for any expense or charge associated with providing a response to this request. The City also reserves the right to retain all proposals submitted. Furthermore, the award of a contract for professional accounting services will be made to the

firm which, in the opinion of the City, is best qualified to meet the requirements and needs established by the City, not necessarily the lowest cost.

VII. Proposal Submission

Your sealed bid containing four copies should be submitted by **no later than November 17, 2014 (12:00 p.m.)** to:

Mr. Michael Wooldridge, City Clerk
City of Ladue
9345 Clayton Road
St. Louis MO 63124

Any questions or clarifications regarding this request for proposal should be directed to Mr. Rick Jett, Finance Director at rjett@cityofladue-mo.gov or by phone at (314) 993-3439.

APPENDIX A

**Proposed Schedule of Compensation
Auditing Services
2014 - 2018
City of Ladue**

Name of Firm
Submitting RFP: _____

Name of Person
Submitting RFP: _____

Address: _____

Telephone Number: _____

PROPOSED COMPENSATION

| | | <u>AUDIT</u> | <u>SINGLE AUDIT</u> <u>(If required)</u> | <u>HOURLY RATE (by staff level)</u> <u>(Additional work if requested)</u> |
|----|-------------------------------------|--------------|---|--|
| | For the Year Ending December 31, | | | |
| 1. | 2014 | _____ | _____ | _____ |
| 2. | 2015 | _____ | _____ | _____ |
| 3. | 2016 | _____ | _____ | _____ |
| 4. | 2017* | _____ | _____ | _____ |
| 5. | 2018* | _____ | _____ | _____ |
| | TOTAL | ===== | ===== | |

Signature

Date

*Optional (City of Ladue) Extension

APPENDIX B

CITY OF LADUE INSURANCE REQUIREMENTS FOR ALL CONTRACTS AND VENDORS

Listed below is the insurance which the Selected Firm(s) must maintain under any Agreement resulting from this Request for Proposal. Each Firm will propose insurance which meets or exceeds the needs of the City. No Agreement will be executed by the City until the Firm(s) satisfies the insurance requirements of the City. The Selected Firm(s) will provide the City with a valid Certificate of Insurance before providing any goods or services to the City. The City reserves the right to approve any insurance proposed by the Selected Firm(s). Preference will be given to policies written on an "occurrence" basis as opposed to "claim made".

Commercial General Liability

The Selected Firm(s) and any Subcontractor(s) will maintain a minimum combined single Limit of Liability for bodily injury and property damage of \$1,000,000 per occurrence, with coverage for premises/operations, products/completed operations, personal injury, and contractual liability, and an aggregate liability limit of \$2,000,000. The selected firm's and any subcontractor's insurance will be primary and noncontributory.

Automobile Liability Insurance

The Selected Firm(s) and any Subcontractor(s) will provide a minimum combined single Limit of Liability for bodily injury and property damage of \$1,000,000 per occurrence, to include coverage for all owned, hired, and non-owned vehicles.

Worker's Compensation

The Selected Firm(s) and any Subcontractor(s) will maintain workers compensation in accordance with the Missouri Workers Compensation Act, and Employers Liability with limits of not less than \$1,000,000/1,000,000/1,000,000.

Commercial Umbrella / Excess Liability – policy with at least a limit of \$1,000,000 will be required.

Professional Liability

Certificates of insurance evidencing professional liability coverage will be required of all professional service providers (including but not limited to Attorneys, Accountants, Architects, Consultants, Engineers, and Physicians) with a minimum combined single Limit of Liability of \$1,000,000 per occurrence and an aggregate liability limit of \$2,000,000.

The above coverages should be underwritten by insurance companies that have at least an A- Financial Strength Rating and a class VIII Financial Size Category with A.M. Best Company Inc. Also, the following will be added as an additional insured on the Selected Firm(s) liability insurance: **City of Ladue**, its officers, employees and agents; and a copy of endorsement(s) to be provided to the City of Ladue.

Thirty (30) days notice of cancellation or non-renewal of any and all policies must be given to the City Clerk. Selected Firm(s) are obligated to notify City of Ladue regarding any change, non-renewal or termination of aforementioned coverages. All certificates are to be provided to the City Clerk.

Mechanics Lien Waivers must be provided to the City by all General and Subcontractors or Vendors where applicable.