

**CITY OF DANVILLE  
DANVILLE PUBLIC LIBRARY  
DANVILLE MASS TRANSIT**

**FINANCE DEPARTMENT**

**REQUEST FOR PROPOSALS**

**FOR**

**PROFESSIONAL AUDITING SERVICES  
FOR FISCAL YEARS ENDING APRIL 30<sup>th</sup>**

**17 W. MAIN STREET  
DANVILLE, ILLINOIS 61832**

Released: March 5, 2019

## REQUEST FOR PROPOSALS

The City of Danville (City) will receive sealed proposals from qualified certified public accounting firms to audit the City financial statements, including financial statements for the Danville Public Library, a discretely presented component unit (DPCU), for the fiscal years ending April 30, 2019 and each of the subsequent four years.

Further, to audit the State of Illinois grant financial statements for Danville Mass Transit for fiscal years ending 06/30/2019 and each of the subsequent four years.

Proposals will be accepted by the City until 2:00 PM on Monday, March 25, 2019 at which time all proposals will be opened and publicly recorded. All proposals must be received prior to the date and time listed above. Proposals transmitted by facsimile or email will not be accepted.

Proposals must be submitted in a sealed envelope marked in the lower left corner:

“AUDIT SERVICES PROPOSAL”.

Address proposals to:

City of Danville  
Office of the City Clerk  
17 W. Main St  
Danville, IL 61832

## I. INTRODUCTION

### A. General Information

The City of Danville is requesting proposals from qualified certified public accountants to audit its financial statements, and those of the Danville Public Library, for the fiscal year ending April 30, 2019, with the option of extending the services for each of the subsequent four (4) fiscal years.

Further, to request proposals to audit the state grand and financial statements for Danville Mass Transit for fiscal years ending 06/30/2019 and each of the subsequent four (4) fiscal years.

These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. Government Accountability Office's (GAO) *Government Auditing Standards* (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 2011) and the U.S. Office of Management and Budget (OMB) Uniform Guidance 2 CFR Part 200.

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

Any inquiries concerning the request for proposal must be received in writing to the City of Danville addressed to Shelley Scott, City Comptroller, by 4:30 PM on March 18, 2019.

An appointment and on-site inspection may be scheduled by each proposer interested in submitting a proposal. Each proposer is advised that an on-site inspection is intended only to afford the proposer an opportunity to better understand the required level of service. The on-site inspection is not intended to afford a potential proposer the opportunity to discuss its specific audit approach, qualifications or cost.

The City reserves the right, where it may serve the City's best interest, to request additional information or clarification, or to allow corrections of non-material errors or omissions or to waive non-material requirements.

### B. Term of Engagement

A five year agreement is contemplated, subject to the satisfactory negotiation of terms including a price acceptable to both the City and the selected firm.

### C. Subcontracting

No subcontracting will be allowed.

### D. Audit-FY2017-18

Copies of the completed FY2017-18 audit will be available upon request.

## II. NATURE OF SERVICES REQUIRED

### A. General

The City of Danville is soliciting the services of qualified certified public accountants to audit its financial statements and the financial statements of the Danville Public Library (DPCU) for the fiscal year ended April 30, 2019 and each of the four (4) subsequent fiscal years. Further, to audit the financial statements of the Danville Mass Transit state grant for the fiscal year ended June 30, 2019 and the four (4) subsequent fiscal years.

The audits are to be performed in accordance with the provisions contained in this request for proposals.

### B. Scope of Work to be Performed

#### i. Basic Services:

1. The City of Danville desires the auditor to express an opinion of the fair presentation of its financial statements and the financial position of its governmental activities, business-type activities and fiduciary funds in conformity with generally accepted accounting principles. In addition, the City desires the auditor to audit the financial statements and express an opinion separately on the fair presentation of the financial statements and financial position, in relation to, the Danville Public Library (DPCU) , and Danville Mass Transit.
2. The auditor will report on compliance with Public Act 85-1142 for each Tax Increment Financing District.
3. The auditor is required to audit the schedule of expenditures of federal awards and file with the Federal Audit Clearinghouse.

#### ii. Additional Services:

1. It is the intent of the City of Danville that the auditor prepare the Basic Financial Statements; to include all government wide financial statements, all fund financial statements, all reconciliations, all notes to the financial statements and all combining and individual fund statements.
2. The auditor is responsible for preparation of the majority of the audit schedules.
3. While the final responsibility for the financial statements rests with the City of Danville, the City expects the auditor to possess and demonstrate sufficient expertise in governmental accounting and reporting to assure that all reporting requirements are met and that new standards and new compliance requirements are met.

C. Audit Standards to be followed:

The audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; the standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards*; the provisions of the Single Audit Act of 1984 (as amended in 2011); and the provision of the U.S. Office of Management and Budget (OMB) Uniform Guidance 2 CFR Part 200., Audits of States, Local Governments, and Non-Profit Organizations, *Audits of State and Local Governments*.

D. Reports to be issued:

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 generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements in accordance with OMB Uniform Guidance 2 CFR Part 200. (Single Audit Act).
- Notes to the Financial Statements
- A report on compliance with Public Act 85-1142 for each Tax Increment Financing District.
- A report on compliance and internal control over compliance applicable to each major federal program.
- Supplementary financial statements and opinion for the discretely presented component unit.

In the required report(s) on compliance and internal controls, the auditor shall communicate any significant deficiency or material weakness found during the audit. A *significant deficiency* shall be defined as a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A *material weakness* shall be defined as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. Significant deficiencies that are also material weaknesses shall be identified as such in the report.

Irregularities and illegal acts: The auditor shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware of to the Mayor and City Council.

Reporting to the Mayor and City Council: The auditor shall assure themselves that the Mayor and City Council is informed of each of the following:

- The auditor's responsibility under generally accepted auditing standards
- Significant accounting policies
- Management judgements and accounting estimates
- Significant audit adjustments
- Auditor's judgements about the quality of the entity's accounting principles
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

E. Special Considerations:

- i. The financial statements of the Danville Public Library are included as a component unit of the financial statements of the City of Danville, as well as being reported separately.
- ii. The City of Danville has determined that the United States Department of Transportation (DOT) will function as the cognizant agency in accordance with provisions of the Single Audit Act of 1984 (as amended in 2011)
- iii. The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls, are to be issued as part of the comprehensive annual financial report as well as separately.
- iv. The auditors are expected to prepare the notes to the financial report.
- v. The proposal should generally describe the type of assistance requested from the City staff during each audit engagement.

F. Working Paper Retention and Access to Working Papers:

All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years, unless the firm is notified in writing by the City of Danville of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- City of Danville
- United States Department of Transportation (DOT)
- U.S. Government Accountability Office (GAO)
- Parties designated by the federal or state governments or by the City of Danville as part of an audit review process
- Auditors or entities of which the City of Danville is a subrecipient of grant funds

### III DESCRIPTION OF THE GOVERNMENT

#### A. Contact Information:

The auditor's principal contact with the City of Danville will be Shelley Scott, Comptroller at (217) 431-2302, or [sscott@cityofdanville.org](mailto:sscott@cityofdanville.org), or a designated representative, who will coordinate the assistance to be provided by the City of Danville to the auditor.

#### B. Background Information:

The City of Danville was founded in 1827 and is a home-rule municipality located in Vermilion County, which is situated in east central Illinois, approximately 120 miles south of Chicago, 35 miles east of Champaign-Urbana and 90 miles west of Indianapolis. The City has adopted an aldermanic form of municipal government, with the Mayor elected at large and 14 Aldermen representing 7 wards. Each Alderman and the Mayor serve a four-year term.

The City of Danville has a total budget of approximately \$50.1 million, and a payroll of approximately \$15.6 million for 248 employees.

The City of Danville is organized into the following departments and divisions:

#### PUBLIC AFFAIRS DEPARTMENT:

Finance Division

Public Affairs Division

Environmental Code Enforcement Division

General City Government

City Treasurer's Office

Legal Services Division

City Clerk's Office

Human Relations Division

Information Systems Division

#### PUBLIC SAFETY DEPARTMENT:

Police Division

Fire Division

#### PUBLIC WORKS DEPARTMENT:

Central Vehicle Maintenance

Streets Division

Parks and Public Property Division

Municipal Pool

COMMUNITY DEVELOPMENT DEPARTMENT:

Community Development Division (Urban Services)

Community Development Block Grant

Danville Area Transportation Study

Brownfield Grant

IHDA Abandoned Property Program

IHDA Blight Reduction Program

OTHER SERVICES (Enterprise Funds):

Storm and Sanitary Sewer

Solid Waste Management

Harrison Park Golf Course

OTHER GRANTS (Grant Funds):

Danville Mass Transit

Motor Fuel Tax

Local Law Enforcement Grant

OTHER (Fiduciary Funds):

David Palmer Arena

Additionally, the City of Danville maintains the following types of funds:

General Fund

Pension Funds

Debt Service Funds

Grant Funds

Internal Service Funds

Enterprise Funds

Capital Improvement Fund

Landfill Remediation Fund

C. Pension Plans:

The City of Danville participates in the following pension plans:

- Illinois Municipal Retirement Fund (IMRF)
- Downstate Article 3 & 4 Police Pension Fund
- Downstate Article 3 & 4 Fire Pension Fund

Actuarial services for the Police and Fire Pension plans are provided by Lauterbach & Amen, LLP, 668 N. River Road, Naperville, IL 60563.

IV TIME REQUIREMENTS

A. Request for Proposal Calendar:

- |   |                |
|---|----------------|
| ○ Request for Proposal (RFP) issued     | March 4, 2019  |
| ○ Due date for proposals                | March 25, 2019 |
| ○ Review with Public Services Committee | March 26, 2019 |
| ○ City Council approval                 | April 2, 2019  |

B. Date Audit will Commence:

The City of Danville will have all records ready for audit and all management personnel available to meet with the firm's personnel by the end of May.

C. Schedule for the 2018-2019 Fiscal Year Audit:

- a. Fieldwork – the auditor shall complete field work in time to allow preparation of the draft financial statements and discussion of the draft statements by October 31.
- b. Final Adjustments – the auditor shall furnish the final adjusting entries to the City Comptroller by the end of October or other agreed upon date.
- c. Draft reports – the auditor shall provide all financial reports and exhibits, notes to the financial statements and recommendations to management available for review by the Comptroller by the end of November or other agreed upon date.
- d. Final audited financial statements shall be issued no later than Dec 1 or other agreed upon date.
- e. Additionally, the auditor will complete the submissions to the Federal Audit Clearinghouse and the State of Illinois Annual Financial Report.

D. Payment:

Progress payments will be made when billed for work completed during the course of the engagement.

V. QUALIFICATIONS

A. Independence:

- a. The firm should provide an affirmative statement that it is independent of the City of Danville and its component units as defined by generally accepted auditing standards.
- b. The firm should also list and describe the firm's professional relationships involving the City of Danville, the Danville Public Library or the Police and Fire Pension Funds for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.
- c. In addition, the firm shall provide the City of Danville written notice of any professional relationships entered into during the period of this agreement.

B. License to Practice in the State of Illinois:

- a. An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in the State of Illinois.

C. Firm Qualifications and Experience:

- a. To qualify, the firm must have extensive experience in audits of governmental entities, extensive experience in single audits as well as experience with the preparation of financial statements in compliance with generally accepted auditing standards.
- b. In your proposal, please identify the Partner, Supervisory and senior-level staff who will be assigned to this engagement.
- c. The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.
- d. The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years.
- e. The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm, or any individual which is

expected to participate in any phase of the audit, during the past three (3) years with state regulatory bodies or professional organizations.

## V. PROPOSAL REQUIREMENTS

A. Inquiries: Inquiries concerning the request for proposals must be made to:

Shelley Scott, Comptroller 217-431-2302

B. Submission of Proposals:

- For consideration, two (2) copies of the proposal must be received **by 2:00 p.m. on Monday, March 25, 2019.**
- NO LATE PROPOSALS WILL BE CONSIDERED.
- Submissions must include the total all-inclusive maximum price.
- Do not propose increases based on COLA unless you also provide a specific percentage of increase.
- The first page of the sealed bid should include the following information:
  - Name of Firm
  - Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Danville.
  - A total all-inclusive maximum price for each basic service for the fiscal year 2018-2019 engagement and each subsequent year.

The submission must be addressed as follows:

“AUDIT SERVICES PROPOSAL”.

City of Danville

Office of the City Clerk

17 W. Main St

Danville, IL 61832

## VI. EVALUATION PROCESS

### A. Review of Proposals

After the proposals have been evaluated according to the criteria as outlined in the RFP, a final review and possible negotiation will be completed and a recommendation forwarded to the Mayor and City Council for approval.

The City of Danville reserves the right to retain all proposals submitted regardless of whether that proposal is selected.

The City of Danville reserves the right without prejudice to reject any or all proposals.