

**CITY OF DANBURY, CONNECTICUT**

**REQUEST FOR PROPOSALS**

**FOR**

**AUDITING SERVICES**

**Bid #05-15-16-02**

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## I. INTRODUCTION

### A. General Information

The City of Danbury, Connecticut is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2016, with the option, exercisable by the City, of auditing its financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards (1988), the provisions of the Federal Single Audit Act as amended in 1996, and U.S. Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments, and Non-Profit Organizations and the provisions of Sections 4-230 through 4-236 of the Connecticut General Statutes concerning the State Single Audit Act, and sections 4-230 through 4-236 of the Regulations of Connecticut State Agencies.

The auditor(s) shall state that the primary purpose of the audit is to express an opinion on the general purpose financial statements taken as a whole and that the audit is subject to the inherent risk that errors or irregularities may occur and not be detected.

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

To be considered, six copies of a proposal must be received by May 31, 2016 by 2:00 p.m. The City reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by a three (3) member Committee. This committee will make a recommendation to the City's Council for their approval.

During the evaluation process, the Committee and the City reserve the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City or the Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

It is anticipated the selection of a firm will be completed by June 7, 2016. Following the notification of the selected firm, it is expected a contract will be executed between both parties within thirty (30) days of approval.

B. Terms of Engagement

A five (5) year contract is contemplated, subject to a review and the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), the concurrence of the City Council and the annual availability of a sufficient appropriation.

**II. DESCRIPTION OF THE GOVERNMENT**

A. General

The auditor’s principal contact with the City will be David St. Hilaire, Director of Finance, or a designated representative, who will coordinate the assistance to be provided by the City to the auditor.

B. Background Information

The City of Danbury serves an area of 44 square miles with a population of approximately 83,000. The City’s fiscal year begins on July 1 and ends on June 30.

The City of Danbury Provides the following services to its citizens:

Police	Fire Protection	Animal Control	Water Services
Ambulance	Street Lights	Civil Preparedness	Airport
Road Repair	Snow Removal	Recycling	Human Services
Recreation	Education	Waste Water Treatment	
General Government Services			

The City of Danbury has approximately 2,000 employees and is organized into several departments and agencies. All funds and account groups are under the administrative control of the:

1. Director of Finance
2. Board of Education

More detailed information on the government and its finances can be found in the following documents provided with this Request for Proposal and on the City’s website <http://www.danbury-ct.gov/content/21015/21087/21103/default.aspx>

Note: Copies of the 06/30/15 Federal/State Financial Compliance Report and Management Letter may be obtained by contacting the Purchasing Dept. at (203) 797-4571

### C. Fund Structure

The City uses the following fund types, all under general ledger control, and account groups in its financial reporting:

Fund Type/Account Group	Number of Individual Funds	Number With Legally Adopted Annual Budgets
General Fund	1	1
Special Revenue Funds	11*	1
Debt Service Funds	0	0
Capital Projects Funds	9	0
Enterprise Funds	3	3
Internal Service Funds	3	3
Private Purpose Trust Funds	1	0
Nonexpendable Trust Funds	1	0
Pension Trust Funds	8	0
Agency Funds	10	0

\*The Miscellaneous Special Revenue Fund consolidates 60 grant programs

### D. Budgetary Basis of Accounting

The City prepares its budgets on a basis consistent with generally accepted accounting principles.

### E. Pension Plans

The City maintains seven separate single-employer pension plans and one OPEB trust fund covering substantially all of its employees (collectively, “the City’s plans”), except those public school teachers covered under the State of Connecticut Teachers’ Retirement System. The General Employees Plan is a non-contributory defined benefit plan covering all full-time employees not qualified under one of the City’s other plans or the State Teachers’ Retirement System. The remaining six plans: Pre-1967 Police, Pre-1967 Fire, Post-1967 Police, Post-1967 Fire, Post 2011 Fire, and Post-1983. The City’s plans are maintained as Pension Trust Funds and reported as such. The City’s pension plans do not issue stand-alone financial reports. The City’s Plans’ assets are held in trust by FSTC (Trustee). Actuarial services for these plans are provided by Hooker & Holcombe, Inc.

### **III. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

#### **A. Statements and Schedules and Other Pertinent Information to be Prepared by the City of Danbury**

The staff of the City will prepare or provide the following statements and schedules for the auditor:

1. Adjusted trial balance for all funds with the exception of the Pension Trust Funds.
2. General Ledgers to perform any detailed schedules of revenues and expenditures, expenses, accounts payable and receivable, and encumbrances.
3. General Ledgers to perform any detail of balance sheet and subsidiary account activity.
4. Check registers/disbursement journals for all funds.
5. Bank reconciliations for all accounts.
6. Detail of capital projects expenditures.
7. Analysis of accounts as requested.
8. Investment activity schedules.
9. Debt schedules.
10. Fixed assets schedules.
11. Payroll records.
12. Tax collection schedules.
13. Schedule of Compensated Absences and other employee benefits.
14. Latest Actuarial Reports.
15. Completed ED-001 and Supporting Documents.
16. Standard representation letters.
17. Capital Lease Obligation schedules.
18. Notes to the combined financial statements.
19. CAFR statistical tables.
20. Schedule of federal and state assistance.

#### **B. General**

Office space will be provided in close proximity to the financial records. Telephones will be made available as well as the use of a copy machine during the engagement. The auditor will be required to provide its own equipment and other office materials.

### **IV. NATURE OF SERVICES REQUIRED**

#### **A. General**

The City of Danbury is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2016, with the option to audit the city's financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this Request for Proposals.

## **B. Qualifying Requirements**

### **Qualified Firm:**

Firms submitting proposals must be qualified to perform independent audits of municipalities of the State of Connecticut. The firm must have been engaged during the fiscal year ending June 30, 2015, as independent auditors for the purpose of rendering an opinion on the annual financial statements for a minimum of two (2) of Connecticut municipalities with a population of at least 50,000 and at least one of these municipalities must be an award recipient of the GFOA Certificate of Achievement of Excellence in Financial Reporting for the Fiscal ended June 30, 2014.

### **Location:**

The firm must have an office located within the State of Connecticut, and resident staff must be able to offer the full range of auditing services required by this Request for Proposals.

### **Non-Discrimination:**

No person shall be denied or subjected to discrimination on account of any services, or activities made possible by or resulting from this engagement on the grounds of sex, race, color, creed, national origin, age (except minimum age and retirement provisions), marital status or the presence of any sensory, mental or physical handicap. Any violation of this provision shall be considered a violation of a material provision of this engagement and shall be grounds for cancellation, termination or suspension in whole or in part of the engagement by the City and may result in ineligibility for further City contracts. The proposer shall at all times in the proposal and contract process comply with all applicable City, state, and federal anti-discrimination laws, rules, regulations and requirements thereof.

### **Reports:**

Each proposer shall submit one copy of at least three GFOA Comprehensive Annual Financial Reports issued by Connecticut municipalities in which their opinion is contained. These reports must have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting.

### **Other:**

Supervisory members of the audit team, including the “in charge” field auditor, should be Certified Public Accountants and have a minimum of three (3) years of municipal audit experience in the State of Connecticut.

### C. Scope of Work to be Performed

The City of Danbury desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

The auditor is not required to audit the supporting schedules contained in the Comprehensive Annual Financial Report. However, the auditor is to provide an “in-relation-to” report on the supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements and the combined and individual fund financial statements and schedules. The auditor is not required to audit the statistical section of the report, but to review its contents for accuracy.

### D. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.
2. The standards for financial audits set forth in the U. S. Comptroller General’s Government Auditing Standards.
3. The provisions of the Single Audit Act of 1984, as amended in 1996.
4. The provisions of U.S. Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments, and Non-Profit Organizations.
5. In conjunction and conformity with sections 4-230 through 4-236 of the Connecticut General Statutes (the State Single Audit Act).
6. In full compliance with all GASB standards.

### E. Reports to be Issued

Following the completion of the audit of the fiscal year’s financial statements, the auditor shall issue reports, as required by generally accepted auditing standards, *and* Government Auditing Standards, OBM Circular A-133, and the Connecticut General Statutes, including but not limited to the following:

1. Audit and a Comprehensive Annual Financial Report (CAFR) in MS Word/Excel plus a searchable pdf of the document.
2. The Municipal Audit Questionnaire required by the State of Connecticut Office of Policy and Management.

3. Circular A-133, Federal Single Audit Report plus a searchable electronic report in pdf.
4. State Single Audit Report plus a searchable electronic report in pdf.
5. Required State Department of Education Reports including, but not limited to: ED 001, ED 015, ED 025, DREA 680-A, and DREA 690-C.
6. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
7. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
8. Reports on the internal control structure used in administering federal and state financial assistance programs.
9. A report on the Schedule of Expenditures of Federal Financial Assistance.
10. A report on the Supplementary Schedule of State Financial Assistance.
11. Reports on compliance with laws and regulations related to major and non-major federal and state financial assistance programs. These reports should include an opinion on compliance with specific requirements applicable to major federal and state financial assistance programs, a report on compliance with general requirements applicable to major and non-major federal and state financial assistance programs, and a report on compliance with laws and regulations applicable to non major federal and state financial assistance program transactions tested.
12. A management letter addressed to the Mayor and City Council of the City of Danbury setting forth recommendations (as applicable) for improvements in the City's accounting systems.
13. The auditor shall communicate in a letter to the Mayor and the City Council of the City of Danbury any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

F. Special Considerations

1. The City will send its Comprehensive Annual Financial Report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the

auditor will be required to provide special assistance to the City to meet the requirements of that program.

2. The schedule of federal and state financial assistance and related auditor's reports, as well as the reports on the internal control structure and compliance, are to be issued separately from the Comprehensive Annual Financial Report.

**G. 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 three (3) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request by the City. 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.

**H. Other Audit Services**

Periodically, the City is required to have separate audits performed. The auditors will be expected to perform these audits and any other audit services requested by the City outside of the standard audit at the hourly rate stated in Appendix C.

**I. Implied Requirements**

All services not specifically mentioned in this request for proposals that are necessary to provide the functional capabilities described by the auditor shall be included in the Scope of Services.

**V. TIME REQUIREMENTS**

**A. Proposal Calendar**

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	May 17, 2016
Due date for proposals	May 31, 2016
Committee meeting	June 1, 2016
Oral presentation by selected proposers	June 2, 2016
Appointment by City Council	June 7, 2016
Contract date	Within 30 days of appointment

**B. Schedule for Annual Audit**

Entrance conference with Finance Director to commence year-end audit work	June 15, 2016
Preliminary field work begins	To be determined
Final audit work begins	September 1, 2016
Exit conference to review draft and significant findings	October 13, 2016
Draft comments returned to auditors by	November 17, 2016

**C. Report Submissions**

Copies of all reports shall be addressed to the Mayor and the City Council. The successful proposer will also submit copies of reports as required by state and federal audit requirements.

The submission dates for the various reports to the municipality and the appropriate cognizant agencies are as follows:

Comprehensive Annual Financial Report	December 15, 2016
Single Audit Report	December 15, 2016
ED001 Certification	December 15, 2016

Where an extension of time may be required, it will be the responsibility of the auditor to promptly notify the City, in writing. It is the City's responsibility to secure all necessary approvals in a timely manner. The auditor shall promptly notify the City's Director of Finance of any suspicion of fraud, defalcation or misapplication of funds. Such notice shall be in addition to any notice to grantors required by single audit legislation.

The final report and one hundred (80) signed copies should be delivered to David St. Hilaire, Director of Finance.

**VI. PROPOSAL REQUIREMENTS**

**A. General Requirements**

**1. Inquiries**

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

David St. Hilaire, Director of Finance  
City of Danbury  
155 Deer Hill Avenue  
Danbury, CT 06810  
203-797-4652

## 2. Submission of Proposals

The following material is required by no later than 2:00 P.M. on Tuesday May 31, 2016 for a proposing firm to be considered:

a. The proposal and five (5) copies are to include the following:

i. Title Page

Title page showing the request for proposal's subject; the firm's name; the name, address and telephone number of a contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for the period covered.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI, B of this request for proposals.

v. Guarantees and Warranties

Executed copies of Proposer Guarantees and Proposer Warranties attached to this request for proposals (Appendix A).

b. The proposer shall submit an original and five (5) copies of a dollar cost bid attached to this request for proposals (Appendix C). No cost information should be included in the Technical Proposal.

c. Proposers should send the completed proposal consisting of the two (2) separate envelopes to the following address:

Charles Volpe, Purchasing Agent  
City of Danbury  
155 Deer Hill Avenue  
Danbury, CT 0681

Envelope #1: Technical Proposal

Envelope #2: Sealed Dollar Cost Bid

Envelopes should be marked Bid #05-15-16-02 “Request for Proposals – Auditing Services”.

## B. Technical Proposal

### 1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Danbury in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The technical proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in Appendix C). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer’s capabilities to satisfy the requirements of the request for proposals. While additional items may be presented, the following subjects, items Nos. 2 through 9, must be included. They represent the criteria against which the proposal will be evaluated.

### 2. Independence

The firm should provide an affirmative statement that it is independent of the City of Danbury as defined by generally accepted accounting standards and the U.S. Comptroller General’s Government Auditing Standards.

The firm should also list and describe the firm’s professional relationships involving the City of Danbury or any of its agencies 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.

In addition, the firm shall give the City of Danbury written notice of any professional relationships, which will be in effect during the period of this engagement.

### 3. License to Practice in Connecticut

An affirmative statement should be included indicating that the firm and its municipal partner are qualified to practice in Connecticut.

### 4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the staff to be so employed on a part-time basis. The firm shall also provide information on the results of the firm's latest federal or state desk reviews of its audits. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state or federal regulatory bodies or professional organizations.

### 5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Connecticut. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

The proposer should identify the extent to which its staff reflects the City of Danbury's commitment of Affirmative Action.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However in either case, the City retains the right to approve or reject replacements.

Consultant and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

### 6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposals. These engagements should be

ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

## 7. Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section IV of this Request for Proposal. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- c. Sample size and the extent to which statistical sampling is to be used in the engagement.
- d. Type of software to be used in the engagement.
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the City's internal control structure.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

## 8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

### C. Dollar Cost Bid

#### 1. Total All-Inclusive Maximum Price

The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal of the dollar cost bid. Such costs should not be included in the proposal.

## 2. Fixed Fees by Category

The dollar cost bid should include a schedule of professional fees and expenses; presented in the format provided in the attachment (Appendix C) that supports the total all-inclusive price.

## 3. Rates for Additional Professional Services

If it should become necessary for the City to request the auditor to render any additional services or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid in Appendix C.

## 4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal as contained in Appendix C. Interim billings shall cover a period of not less than a calendar month.

# **VII. EVALUATION PROCEDURES**

## A. Selection Committee

Proposals submitted will be evaluated by a three (3) member Committee.

## B. Evaluation Criteria

The following represent the principal selection criteria which will be considered during the evaluation process of proposals.

### 1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in Connecticut.
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding three years.

- c. The firm has no conflict of interest with regard to any other work performed by the firm for the City of Danbury.
- d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- e. The firm adheres to the instructions in this Request for Proposals on preparing and submitting the proposal.
- f. The firm shall submit one copy of at least three Comprehensive Annual Financial Reports issued by Connecticut municipalities in which their opinion is contained. All three of these reports must have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting.

## 2. Technical Qualifications

### a. Expertise and Experience

- i. The firm's past experience and performance on comparable government engagements.
- ii. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support.
- iii. Experience with the preparation of federal and state financial assistance and related reports.
- iv. Experience in providing assistance to meet the requirements of the Certificate of Achievement for Excellence in Financial Reporting program.

### b. Audit Approach

Service Delivery Plan: Describe how the firm intends to conduct their audit in the first year versus subsequent years. Describe the service delivery system including what will be done, by whom, how and where. Provide detail on staffing requirements. Describe how the services will be coordinated and monitored and how access to them will be ensured through entrance conferences, progress reporting, and exit conferences.

## 3. Price

Cost will not be the primary factor in the selection of an audit firm.

## C. Oral Presentations

During the evaluation process, the Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Final Selection

It is anticipated that the Committee will recommend a firm for approval by the City Council. It is anticipated that a firm will be selected no later than June 7, 2016. Following notification of the firm selected, it is expected a contract will be executed between both parties within thirty (30) days of approval.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Danbury and the firm selected.

The City of Danbury reserves the right without prejudice to reject any or all proposals or parts thereof for any reason, to negotiate changes to proposal terms, to waive minor inconsistencies between the proposal and this Request for Proposals, and to award to the firm deemed to be in its best interest.

**APPENDIX A**

**PROPOSER GUARANTEES  
AND  
PROPOSER WARRANTIES**

Proposer Guarantees

The proposer certifies that it can and will provide and make available, at a minimum, all services set forth in Section IV, Nature of Services Required.

Proposer Warranties

1. Proposer warrants that it is willing and able to comply with the State of Connecticut laws with respect to foreign (non-state Connecticut) corporations.
2. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees or agents thereof.
3. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the City of Danbury.
4. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: \_\_\_\_\_

Name (typed): \_\_\_\_\_

Title: \_\_\_\_\_

Firm: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX B**

**INSURANCE**

**INSURANCE EXHIBIT – PROFESSIONAL SERVICES**

The professional individual or firm shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from, or be in connection with the performance of the work hereunder by the individual or the firm, his agent representatives or employees. The cost of such insurance shall be included in the proposal.

For the purpose of this clause, the term “professional individual or firm” shall also include the individual’s or firm’s respective officers, agents, officials, employees, interns, volunteers, boards and commissions.

**A. Minimum Scope and Limits of Insurance**

**1. Broad Form Comprehensive General Liability**

\$1,000,000 combined single limit per occurrence for bodily injury, personal injury, property damage, and products/completed operations.

**2. Automobile Liability**

\$1,000,000 combined single limit per occurrence for bodily injury and property damage

**3. Umbrella Liability**

\$5,000,000,000 per occurrence, following form.

**4. Workers’ Compensation and Employer’s Liability**

Limits as required by Connecticut State Law

**5. Professional Liability (if used on a claims-made basis, insurance coverage shall be maintained for the duration of the contract and for two (2) years following contract completion.)**

\$2,000,000 per occurrence  
\$2,000,000 aggregate

## 6. Personal Property Coverage

Adequate insurance to cover the value of personal property (including but not limited to, personal computers) belonging to the auditor while located on City property, while in use or in storage, for the duration of the contract.

### B. Aggregate Limits

Any aggregate limits must be declared to and be approved by the City. At the option of the City, the insurer shall increase or eliminate the aggregate limit and notify the City of any erosion of aggregate limits.

### C. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and be approved by the City. At the option of the City, the insurer shall reduce or eliminate such deductibles or self-insured retentions as regards the City and the auditors shall procure a bond which guarantees payment of the losses and related investigations claims administration and defense expenses. At no time will the City be responsible for the payment of deductibles or self-insured retentions.

### D. Notice of Cancellation or Non-renewal

Each insurance policy required by this Exhibit shall be endorsed to state that coverage shall not be suspended, voided, canceled, or reduced, either in coverage or in limits, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

### E. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

#### 1. Liability (General, Automobile, Professional) Coverages:

- a. **“The City and its respective officers, agents, officials, employees, volunteers, boards and commissions” are to be named as additional insured** with regards to liability arising out of activities performed by or on behalf of the auditor; products and completed operations of the auditor; premises owned, leased or used by the auditor. The coverage shall contain no special limitations on the scope of protection afforded to the City.
- b. The auditor’s insurance coverage shall be the primary insurance as regards the City. Any insurance or self-insurance maintained by the City shall be in excess of the auditor’s insurance and shall not contribute with it.

- c. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City.
  - d. Coverage shall state that the auditor's insurance shall apply separately to each insured against whom a claim is made or a suit is brought, except with respect to the limits of the insurer's liability.
2. Workers' Compensation and Employer's Liability Coverage

- a. The insurer shall agree to waive all rights of subrogation against the City for losses arising from the work performed by the auditor for the City.
- b. If State statute does not require the auditor to obtain Workers' Compensation insurance, then the auditor shall furnish the City with adequate proof of the self-employment status. The auditor agrees to waive all rights of claims against the City for losses arising from the work performed by the auditor. In the event that during the contract this self-employment status should change, the auditor shall immediately furnish proper notice to the City and a certificate of insurance indicating that Workers' Compensation insurance and Employer's Liability coverage has been obtained by the auditor as required by this Exhibit.

F. Acceptability of Insurers

- 1. Insurance is to be placed with insurers which have a Best's rating of at least A.
- 2. Insurance companies must either be licensed to do business in the State of Connecticut or be deemed to be acceptable by the City's Assistant Director of Finance.

G. Verification of Coverage

The auditor shall furnish the City with certificates of insurance effective coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the Assistant Director of Finance before work commences. Renewal of expiring certificates shall be filed thirty (30) days prior to expiration. The City reserves the right to require complete, certified copies of all required policies, at any time.

All insurance documents required by this Exhibit shall be mailed to the Assistant Director of Finance.

**APPENDIX C**

**FIXED FEES**

To be submitted on your firm’s letterhead in a **separate envelope**.

Firm’s Name:

Location of office staffing the audit:

\_\_\_\_\_

\_\_\_\_\_

Number of municipal professional audit Staff at this location: \_\_\_\_\_

Number of municipal audit staff to be assigned to City: \_\_\_\_\_

Connecticut Municipal audit clients (FY 15 engagements for municipalities with populations of 50,000 or more):

**FIXED FEES**

	Proposed # of Hours	Year 1	Year 2	Year 3	Year 4	Year 5
Audit and report on City’s general purpose financials (1)		\$	\$	\$	\$	\$
Board of Education						
Board of Education financials		\$	\$			\$
School Lunch Program		\$	\$	\$	\$	\$
School Activity Funds		\$	\$	\$	\$	\$
ED001 (including special education grants)		\$	\$	\$	\$	\$
Federal & State Single Audit Act statements and reports		\$	\$	\$	\$	\$
<b>Total City of Danbury Fees</b>		\$	\$	\$	\$	\$

(1) Includes management letter and report on the combined and individual fund financial statements, and assistance with Certificate of Achievement for Excellence in Financial Reporting with GFOA.

Indicate amounts contained in (1) above for the following:

	Proposed # of Hours	Year 1	Year 2	Year 3	Year 4	Year 5
Water Fund		\$	\$	\$	\$	\$
Sewer Fund		\$	\$	\$	\$	\$
Pension Trust Fund		\$	\$	\$	\$	\$

Total hours included in Total Fees:

Partner \_\_\_\_\_  
 Manager \_\_\_\_\_  
 Staff \_\_\_\_\_

Rate for hours outside the specified scope, \$ per hour:

Partner \$ \_\_\_\_\_  
 Manager \$ \_\_\_\_\_  
 Staff \$ \_\_\_\_\_

Submitted by: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

**APPENDIX D**

**SAMPLE AUDIT PROPOSAL LETTER**

(To be submitted on your firm's letterhead)

Mr. Charles Volpe, Purchasing Agent  
City of Danbury  
155 Deer Hill Avenue  
Danbury, CT 06810

Dear Mr. Volpe:

We have read the Request for Proposals and fully understand its intent and contents. We certify that we have adequate personnel, insurance, equipment and facilities to fulfill the specified requirements. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Committee.

We have attached the following:

1. Audited CAFR reports as outlined in Section IV, B.
2. Proposal as outlined in Section VI.
3. Appendix A: Proposer Guarantees and Warranties
4. Appendix B: Insurance
5. Appendix C: Fixed Fees (separate envelope)

It is further understood and agreed that all information included in, attached to, or required by the Request for Proposals shall be public record upon delivery to the City.

Submitted by: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_