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CITY OF SOUTH BEND, IN JAMES MUELLER, MAYOR  
**DEPARTMENT OF ADMINISTRATION AND FINANCE**

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**REQUEST FOR PROPOSAL**

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**Request for Proposal for Completion of the Annual Audit Services for the  
City of South Bend, Indiana**

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**RELEASED:** April 1, 2021

**DUE:** April 16, 2021 5:00 p.m.

**SEND COMPLETED PROPOSALS TO:** Audit Committee  
City of South Bend, Indiana  
[audit@southbendin.gov](mailto:audit@southbendin.gov)



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## **I. Purpose of this Request for Proposal**

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### **A. Purpose**

The purpose of this Request for Proposal (“RFP”) is to solicit proposals from qualified vendors (“Auditors”) to provide audit services to the City of South Bend, Indiana (the “City”), in compliance with the requirements identified in this RFP and the guidelines outlined under Indiana Code § 5-11-1-24.4, as well as any applicable requirements established by the Indiana State Board of Accounts (“SBOA”).

## **II. Scope of Services**

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### **A. Audit Period and Timeline**

The City’s fiscal year ends on December 31. The first fiscal year requiring an audit from the selected Auditor will be the year ended December 31, 2021.

Although the City desires the audit to be completed earlier, SBOA requires that audits performed by Auditors to be completed and all required reports issued within 180 days after the close of the fiscal year.

### **B. Audit Services**

The City prepares an Annual Comprehensive Financial Report for each fiscal year, which is a set of financial statements that comply with the accounting requirements established by the Governmental Accounting Standards Board (“GASB”) and SBOA. In addition, if applicable, the City prepares an annual Schedule of Expenditures of Federal Awards (“SEFA”), which is a supplemental schedule details federal awards expended by the City and complies with the Title 2 of the U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”).

In accordance with applicable guidelines outlined by federal or state law, as well as any applicable requirements established by GASB or SBOA, the City is in need of an annual audit of financial statements as well as an audit of compliance with federal grant requirements. The following are the requirements for this annual audit:

1. The examination of the financial statements shall be conducted in accordance with auditing standards generally accepted in the United States of America.
2. If the City is subject to a Single Audit under the terms of the Uniform Guidance (2 C.F.R. § 200), the examination shall be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States.
3. The examination includes all associated component units; audits required or necessary for federal financial assistance; findings of noncompliance with state law and uniform compliance guidelines as required by Ind. Code § 5-11-5-1; and a separate report in accordance with the guidelines established by the SBOA for any items of noncompliance identified.
4. SBOA shall be notified immediately if any fraud, abuse, or illegal acts are discovered or suspected during the course of the examination. SBOA shall be notified before disclosing the discovery or suspicion to the City.

### **C. Audit Reports**

The examination described in Section II.B. is expected to result in (at minimum) the following audit reports:



1. Independent Auditor's Report: The Auditor shall issue a report expressing an opinion on the presentation of the City's financial statements in accordance with accounting principles generally accepted in the United States of America.
2. Federal Single Audit Report: If the City is subject to a Single Audit under the terms of the Uniform Guidance (2 C.F.R. § 200), the Auditor shall issue a report expressing an opinion on the City's compliance with major federal program grant requirements. This report shall include all applicable schedules, reports or opinions required by the Uniform Guidance.
3. Internal Control and Compliance Report: The Auditor shall issue a report detailing any identified deficiencies or material weaknesses in the City's system of internal control over financial reporting, and detailing identified instances of noncompliance with applicable laws, regulations, contracts, or grant agreements. The Auditor is not required or expected to issue an opinion on the effectiveness of internal control or an opinion on the City's compliance with laws, regulations, or contracts.
4. Separate Report on Federal Findings: If applicable, the Auditor will issue a separate report detailing Federal Findings, in a format prescribed by SBOA.

#### **D. Audit Report Distribution and Follow-up**

Auditors are required to file copies of all Audit Reports with SBOA in a readable format prescribed by SBOA not later than thirty (30) days after completion of the examination. The SBOA shall review the reports and may ask questions of the Auditor, review the examination work papers, or take any other actions necessary to verify that the guidelines and standards adopted by the SBOA have been satisfied.

The Auditor shall deliver the completed Audit Reports to SBOA at the same time as these reports are delivered to the City.

In addition, if the City is subject to a Single Audit under the terms of the Uniform Guidance (2 C.F.R. § 200), Auditors may be required to file the Audit Reports or other reports with federal awarding agencies and/or pass-through entities.

### **III. Auditor Requirements**

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#### **A. Auditor Requirements**

To be considered for the provision of audit services to the City, Auditors must meet the following requirements:

1. Be a certified public accountant (CPA) and/or CPA firm licensed to practice in the State of Indiana.
2. Meet independence requirements of the American Institute of Certified Public Accountants (AICPA) and the Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, as applicable.
3. Meet continuing professional education requirements in accordance with Government Auditing Standards issued by the Comptroller General of the United States.
4. Obtain an external peer review at least once every three years and attain a rating of Pass or Pass with Deficiencies.
5. Have no record of performing substandard audits.
6. Understand and comply with applicable uniform compliance guidelines, policies, and directives established by SBOA.
7. Understand the role of SBOA in the audit process.



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## IV. Proposal Instructions and Submission Procedures

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### A. Response to this RFP

Your response to this RFP is expected to cover the services described in Section II of this RFP. In responding to this RFP, the City requests that you complete Attachment 1 and provide all requested supplemental materials detailed in Attachment 1.

### B. Proposal Submissions

Please submit completed proposals via email to [audit@southbendin.gov](mailto:audit@southbendin.gov).

Please submit your response to this RFP by **April 16<sup>th</sup>, 2021 at 5:00 pm**. Any proposal received after this date and time will not be assured of consideration by the Audit Committee. All proposals must be signed by an officer or employee having authority to legally bind the Auditor.

### C. Questions?

If you have any questions on the contents of this RFP, please reach out to [audit@southbendin.gov](mailto:audit@southbendin.gov) or call (574) 235-9822.

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## V. Evaluation of Proposals

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### A. Evaluation Criteria

The City's Audit Committee will consider how well each respondent's proposal meets the needs of the City as described in the firm's proposal response. Specifically, the Audit Committee will evaluate proposals based upon the following factors:

Qualifications & Experience	40%
Audit Implementation Methodology	30%
Audit Staff Quality / Continuity	15%
Audit Fee	15%

The submitted proposal will be the primary source of information used for evaluation. Please include all required and appropriate information with your proposal. Additionally, the Audit Committee's evaluation may include results of discussions with other clients, the firm's completeness and timeliness in its response, and the firm's replies to any requests for clarification or supplemental information.

### B. Evaluation Timeline

The Audit Committee's evaluation of proposals will follow the process outlined in Indiana Code § 5-11-1-24.4. Per this process, following proposal receipt and evaluation, the Audit Committee will make a recommendation to the Common Council on whether to engage with an Auditor. The City expects this recommendation and selection by the Common Council to occur before June 30, 2021.

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## VI. Contract Terms and Conditions

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Below are important contract terms and conditions the City expects to be part of an audit services agreement with the selected Auditor (the "Agreement"). Per the instructions in Attachment 1, please provide the City with a proposed Agreement incorporating each of these terms or, if you take exception to any of these terms, a written explanation of your exception.



#### **A. Specific audit-related provisions required by Indiana law**

The Agreement must contain the following provision concerning the Auditor's performance of the audit:

*"Pursuant to Indiana Code § 5-11-1-24.4(e)(5), the following terms govern this engagement and will prevail in any conflict with other terms of this [Agreement]:*

- 1. [The Auditor] shall perform the services under this [Agreement] in accordance with the guidelines and standards adopted by the Indiana State Board of Accounts, auditing standards generally accepted in the United States, and any other applicable auditing standards or guidelines required by the industry.*
- 2. If the City is subject to a single audit under the terms of the Uniform Guidance (2 C.F.R. § 200), the examination shall be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States.*
- 3. If [the Auditor] discovers or suspects instances of fraud, abuse of public funds, or the commission of a crime, [the Auditor] shall notify the Indiana State Board of Accounts: (i) immediately; and (ii) before disclosing the discovery or suspicion to the City.*
- 4. [The Auditor] shall deliver the completed examination report to the Indiana State Board of Accounts in a readable format prescribed by the State Board of Accounts: (i) at the same time as to the City; and (ii) not later than thirty (30) days after completion of the examination.*
- 5. All work papers supporting the examination report shall be available for review by the Indiana State Board of Accounts."*

#### **B. Invoices**

Pursuant to Indiana Code § 5-11-1-24.4(e)(5), the Agreement must expressly reflect that the Auditor's invoices for fees or other compensation shall be submitted in sufficient detail to demonstrate compliance with the terms of the contract.

#### **C. Insurance requirement**

The Agreement must require the Auditor to procure and maintain at its own expense, and without cost to the City, professional liability insurance in the amount of at least \$500,000 for purposes of insuring the liability risks associated with undertaking a financial statement audit. In addition, the Agreement must provide a mechanism by which the City may obtain verification that the Auditor maintains compliance with this requirement.

#### **D. Non-confidentiality of Agreement**

The Agreement must contain the following provision concerning the non-confidentiality of the Agreement:

*"The parties expressly acknowledge that this [Agreement] is subject to a public approval process pursuant to Indiana Code § 5-11-1-24.4 and is further subject to public disclosure (and any exceptions therefrom) pursuant to the City's obligations under Indiana Code 5-14-3 (access to public records) and Indiana Code 5-14-3.8 (access to government financial data). The City will not be required to withhold, condition, or provide notice to [the Auditor] of the City's disclosure of this [Agreement] in accordance with applicable laws."*

#### **E. Indemnification**

The Agreement must contain the following provision concerning indemnification of the City by the Auditor:



*"[The Auditor] hereby agrees to defend, indemnify, and hold harmless the City, its officials, employees, and agents from any and all claims of any nature which arise from the performance by [the Auditor] under this [Agreement] and from all costs and attorney fees in connection therewith, excepting for claims arising out of the negligence of the City, its officials, directors, employees, and agents. The obligations of [the Auditor] under this section shall survive the termination of this [Agreement]."*

**F. Non-appropriation**

The Agreement must contain the following provision concerning non-appropriation of funding:

*"The City's performance of its payment obligations under this [Agreement] is contingent upon annual budgetary funding from the annual City budget. In the event sufficient funds are not appropriated for the payments required to be made under this [Agreement] in future fiscal years, the City at its sole discretion may terminate this [Agreement] without penalty or additional expense of any kind whatsoever."*

**G. Non-discrimination/compliance**

The Agreement must contain the following provision concerning non-discrimination and compliance with laws:

*"[The Auditor] shall comply with all applicable laws and regulations in its hiring and employment practices and policies for any activity covered by this [Agreement]. [The Auditor] shall comply with all state, federal, and municipal laws, regulations, and standards applicable to its activities pursuant to this [Agreement] including, but not limited to, the requirements imposed by Indiana Code § 22-9-1-10 (non-discrimination), the provisions of Indiana Code 5-22-16.5 (disqualification for dealings with the government of Iran), and the provisions of Indiana Code 22-5-1.7 (requiring E-Verify for new employees and prohibiting employment of unauthorized aliens). Each of the foregoing provisions is incorporated herein as if set forth in full, and [the Auditor] certifies that it is in compliance with each such provision and shall remain in compliance through the term of this [Agreement]. Further, pursuant to South Bend Municipal Code § 14.5-5, [the Auditor] and its subcontractors (if applicable) agree not to discriminate against any firm or employee or applicant for employment in the performance of this [Agreement], with respect to hire, tenure, terms, conditions or privileges of contract or employment, or any matter directly or indirectly related to contracting or employment because of race, sex, sexual orientation, gender identity, religion, color, national origin, ancestry, age or disability that does not affect that person's ability to perform the work."*

**H. Governing law/dispute resolution**

The Agreement must contain the following provision concerning governing law and dispute resolution:

*"This [Agreement] will be construed and interpreted according to the laws of the State of Indiana, and any dispute arising out of this [Agreement] or otherwise concerning [the Auditor]'s performance of services under this [Agreement] will be resolved in the courts located in St. Joseph County, Indiana, unless the Parties mutually agree to a different method of dispute resolution."*