



# CITY OF WATERLOO

## Finance Office

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Mayor  
QUENTIN  
HART

### REQUEST FOR PROPOSAL FOR AUDITING SERVICES FOR THE CITY OF WATERLOO, IOWA

COUNCIL  
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JOHN  
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DAVE  
BOESEN  
At-Large

The City of Waterloo, Iowa, is in the process of selecting an independent auditing firm for the completion of auditing services in conjunction with its Comprehensive Annual Financial Report for the years ending June 30, 2023, 2024, 2025, 2026, and 2027, with options to renew annually for an additional two years. The responsibility of the firm selected will be to render an opinion on the basic financial statements, as well as to render the appropriate opinion on the City's compliance with requirements for federal programs under Title 2 of the Code of Federal Regulations, (the Uniform Guidance). If approved by the Board of Trustees of the municipal utility, audit services must be provided for the Telecommunication Utility, pursuant to Iowa Code Chapter 388 thru December 31, 2023. Audit services also must be provided with regard to the schedule of passenger facility charge revenue in accordance with the Code of Federal Regulations (CFR) 14 Part 158. In addition, the auditor must also complete certain procedures electronically as required by the Federal Bureau of the Census for the annual Data Collection Form and the Department of Housing and Urban Development Real Estate Assessment Center (REAC) for the City's Housing Authority in accordance with Code of Federal Regulations (CFR) Part 2003509. Please see section I of this document for specific requirements.

Key factors when determining the selected firm will be experience with performing similar services for cities of comparable size to Waterloo, the firm's ability to perform these services in a timely manner and the overall fee for providing these services. Please see sections II and III of this document for additional information.

Deadline for questions and requests for clarification are due by 4:00 p.m., May 5, 2023. The City of Waterloo's responses to those questions and requests for clarification is anticipated to be available by 4:00 p.m., May 15, 2023.

A sealed proposal or electronic PDF to Bridgett Wood at [Bridgett.Wood@Waterloo-IA.org](mailto:Bridgett.Wood@Waterloo-IA.org) will be accepted until 12:00 p.m., May 23, 2023, at the Finance Department, located on the first floor of City Hall. If mailed, the proposals should be mailed to:

Finance Department  
Attn: Bridgett Wood, Finance Manager  
715 Mulberry St  
Waterloo, IA 50703

Those submitting sealed proposals should indicate on the outside of the envelope in the lower left-hand corner that it is a "Sealed Proposal for Audit Services." The contract for services will be awarded on Monday, June 5, 2023, with contracts to start on July 1, 2023. Further information may be obtained from Bridgett Wood at (319) 291-4323 or [Bridgett.Wood@Waterloo-IA.org](mailto:Bridgett.Wood@Waterloo-IA.org).

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**Section I – Performance Specifications**

1. Only proposals received at the location described and in the time frame given will be considered.
2. Only proposals covering audit services as described will be considered.
3. The audit shall be performed in accordance with the following:
  - A. Chapter 11 of the Code of Iowa.
  - B. United States generally accepted auditing standards.
  - C. The standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, including the application of the Governmental Accounting Standards Board (GASB) Statement #34.
  - D. The Single Audit Act Amendments of 1996 and Title 2, Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), when applicable.
4. The fees quoted in your proposal and included in the contract will be the maximum paid per hour and in total, unless an amendment to the contract is completed by both parties
5. Proof of insurance as follows:
  - A. Errors and omissions insurance - \$1,000,000 per occurrence.
  - B. General liability insurance - \$1,000,000 per occurrence for bodily injury and property damage. At a minimum, coverage for premises, operations, products and completed operations shall be included.
  - C. Automobile liability insurance with **either** a combined limit of at least \$1,000,000 per occurrence for bodily injury and property damage without sub-limits **or** split limits of at least \$1,000,000 for bodily injury per person per occurrence and \$1,000,000 for property damage per occurrence. Coverage shall include all owned, hired, and non-owned motor vehicles used in the performance of work by the contractor or its employees.
  - D. Workers compensation and employer’s liability insurance meeting the requirements of the Iowa Workers Compensation Law covering all of the contractor’s employees carrying out their work.
  - E. General liability insurance and automobile liability insurance shall name “The City of Waterloo, Iowa, its elected officials, officers and employees” as additional insureds.
  - F. Proof of insurance shall be provided to City upon request.
6. The audit report should conform to:

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- A. Reporting formats specified by the Auditor of State's office.
  - B. American Institute of Certified Public Accountants (AICPA) Audit Guides.
  - C. Governmental Accounting Standards Board reporting requirements.
  - D. The requirements of the Single Audit Act Amendments of 1996 and Title 2, Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), when applicable.
7. The audit reports shall include management letters, if appropriate, which include recommendations related to the financial statements, internal control, legality of actions, and any other matters considered appropriate by the auditor.
  8. Bound copies of the report, in a quantity sufficient to meet the needs of the City, are required to be provided by the firm awarded the contract. The report must also be provided in electronic format in order to satisfy the requirements of the Office of the Auditor of State and for the necessary Department of Housing and Urban Development Real Estate Assessment Center (REAC) filing.
  9. Items required to be filed with the Auditor of State upon release of the reports must be filed directly by the audit firm. (The current requirements are to file 2 bound copies of the report, filing fee, an electronic copy of the report – pdf to be emailed to [SubmitReport@aos.iowa.gov](mailto:SubmitReport@aos.iowa.gov), a news release and a detailed per diem audit bill.)

**Section II – Data to be included in Proposal**

In order to simplify the review process and to obtain the maximum degree of comparability, the proposal should include the following items and be organized in the manner specified as follows:

1. **Letter of Transmittal** – A letter of transmittal briefly outlining the proposer's understanding of the work and general information regarding the firm and individuals to be involved. The letter should clearly state the address of the office of the firm to be performing the work, the telephone number, contact person name and contact person e-mail address.
2. **Table of Contents** – Include a table of contents that identifies the material by section, page number and a reference to the following information to be contained in the proposal.
3. **Profile of Firm Proposing** –
  - A. Identify whether the firm is a local, national or international firm and include a brief description of the size of the firm.

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- B. State whether the firm is in compliance with the registration requirements to engage in the practice of public accounting in the State of Iowa, Chapter 542 of the Code of Iowa.
- C. State whether the firm is independent of the City of Waterloo, the City of Waterloo Housing Authority, the Waterloo Convention & Visitors Bureau and the Waterloo Water Works in accordance with Government Auditing Standards.
- D. Describe the office(s) from which the work will be performed, including the following:
  - a. Office location(s).
  - b. Current office staffing size.
  - c. Number of professional staff by level, such as partner, manager and supervisor, senior and other professional staff.
  - d. Number of certified public accountants in the office.
  - e. Other information needed to describe the office which would perform the work.

4. **Qualifications** –

- A. Describe the recent local office auditing experience in similar types of audits to which the proposal relates. If appropriate, include regional experience in auditing similar types of entities. If desired, it is permissible to include your five largest clients which are not governmental clients.
- B. Provide references of other cities that have earned the Government Finance Officers Association (GFOA) Award for Excellence in Financial Reporting while your firm has been their auditor.
- C. Include resumes of all key professional members who will be assigned to the audit. Resumes should be included for all members of the audit team. The resumes should include:
  - a. The amount of experience the individual has in the auditing profession.
  - b. A summary of similar audits on which the individual has worked.
  - c. A summary of the continuing professional education the individual has had in governmental accounting and auditing during the last two years.
  - d. A statement as to whether the individual is independent as defined by Government Auditing Standards.
- D. Describe the firm's policy regarding notification to clients of changes in key personnel.
- E. Provide a listing of the individuals in the firm who are experienced in governmental auditing and will serve as staff for this audit.

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F. Describe the availability of individuals within the firm who are primarily involved in governmental auditing and reporting and with whom the audit team may consult.

G. Describe briefly the firm's system of quality control to ensure that the audit is adequately performed.

5. **Peer Review**

A. Provide a copy of the peer review report which is required to be provided under generally accepted government auditing standards (GAGAS).

6. **Scope of Services and Proposed Project Schedule** –

A. Briefly describe your understanding of the scope of services to be provided.

B. Indicate a proposed time schedule for completing the work, assuming the contract will be awarded on June 5, 2023, to start on July 1, 2023.

a. Include the approximate dates you would perform field work, office review and report preparations.

1. The City requires that audit services, including the preparation of opinions and a preliminary draft of the audit package, including all grant compliance work, will be provided by December 1 following each audit period. Delivery of the final audit package must be made prior to December 31 annually. The City is currently borrowing from the State of Iowa Clean Water Fund, which requires a copy of the audit to be provided to the Iowa Financing Authority by December 31 annually. It is also the City's intent to apply for the GFOA Excellence in Financial Reporting Award, which also has a December 31 application date.

2. For your use in providing the estimated fieldwork schedule, the City anticipates having the modified accrual/accrual basis trial balances available by October 15 annually. Please note that the City requires a minimum of one week to review the final typed draft of the management's discussion and analysis (MD&A) and responses to any audit findings identified.

7. Fees and Compensation

A. Proposals must contain a separate section outlining the fee, broken down as follows:

a. Basic audit services.

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- b. Completion of the procedures and reports required by the Single Audit Act Amendments of 1996 and Title 2, Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), provided separately by major program.
- c. Completion of the filings required by REAC for the Housing Authority.
- d. Audit services with regard to the schedule of passenger facility revenue.
- e. If approved by the Board of Trustees of the municipal utility, audit services must be provided for the Telecommunication Utility, pursuant to Iowa Code Chapter 388 thru December 31, 2023.
- f. Accounting assistance or consulting.
- g. Sewer revenue bond covenant compliance testing. All funds borrowed from the State of Iowa Clean Water Fund are taxable sewer revenue bonds.
- h. Estimated total hours.
- i. Estimated out-of-pocket expenses.
- j. Hourly rate by staff classification.
- k. Hourly rate for accounting assistance and consulting services.
- l. All-inclusive maximum fee and out-of-pocket expenses which will not be exceeded without first signing a separate agreement, as required by city policy.
- m. Description of the frequency and timing of billing and expected payment for services.

B. Fees should be provided as follows:

- a. For the five-year period beginning July 1, 2022 and ending June 30, 2027, with fees listed separately for each of the five years.
- b. For the one-year period ending June 30, 2028.
- c. For the one-year period ending June 30, 2029.

C. Fees will be billed by separate line item for the following:

- a. General audit services for all funds.
- b. Single audit services, separately by major program.
- c. Passenger facility charge revenue audit services.
- d. General audit services for the Sanitary Sewer Fund.
- e. General audit services for the Sanitation Fund.
- f. General audit services for the Housing Fund.

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- g. General audit services for the Telecommunications Utility.

**Section III – Evaluation Criteria**

Prefatory remarks:

1. The City of Waterloo reserves the right to reject any and all proposals received.
2. Any contract accepted by the Finance Department is subject to approval by City Council of the City of Waterloo and will be effective only when such approval is granted.

The proposal will be evaluated based upon the following two areas. Therefore, it is important the proposal is responsive to the data requested. Cost is a primary factor, but the selection of the audit firm will be based on qualitative factors in addition to cost.

1. Cost
  - a. Overall cost, including out-of-pocket expenses, for performance of the audit.
2. Qualifications
  - a. Organizational structure and size of the firm.
  - b. Organizational structure and size of the office which will perform the audit.
    - i. Additional consideration may be given for firms completing the work using staff from an office located within the Waterloo metropolitan area.
  - c. Recent experience in similar audits.
  - d. Recent experience with annual comprehensive financial reports (ACFRs) which received the GFOA Excellence in Financial Reporting Award.
  - e. Qualifications of the audit team.
  - f. Individuals with whom the audit team can consult.
  - g. Understanding of work, scheduling for audit fieldwork and ability to deliver the final audit package by December 1 annually.

***Section IV. Entity Profile - The City of Waterloo, Iowa***

Information describing the City's organization, economic and financial status is available in the Comprehensive Annual Financial Report for the year ended June 30, 2022, available on the City's website at [cityofwaterloo.com/government/Finance/Budget\\_and\\_Reports](http://cityofwaterloo.com/government/Finance/Budget_and_Reports). Copies are also available from the Finance Department. The financial statements and audit are to be completed in accordance with generally accepted accounting principles and under the GASB #34 reporting model.

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If you have any questions about the proposal process, please contact Bridgett Wood at [Bridgett.Wood@Waterloo-IA.org](mailto:Bridgett.Wood@Waterloo-IA.org) or 319-291-4323. Thank you for your interest in providing audit services to the City of Waterloo.