



A HERITAGE OF GOOD LIVING

**CITY OF LATHRUP VILLAGE**

**REQUEST FOR PROPOSALS  
FOR  
PROFESSIONAL AUDITING SERVICES**

Issued: April 15, 2021

**CITY OF LATHRUP VILLAGE  
REQUEST FOR PROPOSALS  
PROFESSIONAL AUDITING SERVICES**

**TABLE OF CONTENTS**

<b>I. INTRODUCTION</b>	<b>Page 3</b>
A. General Information	Page 3
B. Tentative Schedule	Page 3
C. Term of Engagement	Page 3
D. RFP Distribution/Addenda	Page 3
E. Insurance Requirements	Page 3
<b>II. NATURE OF SERVICES REQUIRED</b>	<b>Page 4</b>
A. General	Page 4
B. Scope of Work to be Performed	Page 4
C. Auditing Standards to be Followed	Page 5
D. Special Considerations	Page 5
E. Working Paper Retention and Access to Working Papers	Page 4
<b>III. DESCRIPTION OF THE GOVERNMENT</b>	<b>Page 6</b>
A. Contact Person	Page 6
B. Background Information	Page 6
C. Fund Structure	Page 6
D. Budgetary Basis of Accounting	Page 7
E. Pension Plans	Page 7
F. Component Units	Page 7
G. Joint Ventures	Page 7
H. Availability of Prior Reports and Working Papers	Page 7
<b>IV. TIME REQUIREMENTS</b>	<b>Page 7</b>
A. Date Audit May Commence	Page 7
B. Date Final Report is Due	Page 8
<b>V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION</b>	<b>Page 8</b>
A. Finance Department	Page 8
B. Statements and Schedules to be Prepared by the Staff of the City of Lathrup Village	Page 8
C. Work Area, Telephone, Photocopying, and Internet Services	Page 8
D. Report Preparation	Page 8

<b>VI.</b>	<b>PROPOSAL REQUIREMENTS</b>	<b>Page 9</b>
A.	General Requirements	Page 9
1.	Inquiries	Page 9
2.	Submission of Proposals	Page 9
B.	Proposal	Page 9
1.	General Requirements	Page 9
2.	Independence	Page 10
3.	License to Practice in Michigan	Page 10
4.	Debarment, Suspension, Ineligibility and Voluntary Exclusion	Page 10
5.	Firm Qualifications and Experience	Page 10
6.	Partner, Supervisory and Staff Qualifications and Experience	Page 11
7.	Similar Engagements with Other Government Entities	Page 11
8.	Specific Audit Approach	Page 12
9.	Identification of Anticipated Potential Audit Problems	Page 12
10.	Report Format	Page 12
11.	Total Price and Hours Breakdown	Page 12
12.	Manner of Payment	Page 13
<b>VII.</b>	<b>EVALUATION PROCEDURES</b>	<b>Page 13</b>
A.	Review of Proposals	Page 13
B.	Evaluation Criteria	Page 13
1.	Firm Qualifications, Expertise and Experience	Page 13
2.	Technical Requirements - Specific Audit Approach	Page 14
3.	Reference Scoring	Page 14
4.	Additional Services	Page 14
5.	Price	Page 14
C.	Oral Presentations	Page 14
D.	Right to Reject Proposals	Page 14

## ATTACHMENTS

- A. Sample Agreement
- B. Schedule of Professional Fees

## I. INTRODUCTION

### A. General Information

The City of Lathrup Village is soliciting proposals from qualified firms of certified public accountants to audit financial statements for the City of Lathrup Village and its component unit. This audit is to be performed in accordance with generally accepted auditing standards and, if single audit is applicable, the provisions of the federal Single Audit Act of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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

To be considered, please provide one (1) unbound original, plus seven (7) bound copies of the proposal, and one (1) digital copy of the proposal in a sealed package by **4:00 p.m. on June 1, 2020. Fee proposals must be sealed in a separate envelope which may be mailed in the same package as the proposals.** Proposals should be delivered to:

**City of Lathrup Village  
Attn: AUDITING RFP  
27400 Southfield Rd  
Lathrup Village, MI 48076**

The envelopes should be marked with the name of the submitting firm and **"RFP: Professional Auditing Services"**. We do not accept faxed or emailed proposals. The City of Lathrup Village reserves the right to reject any or all proposals submitted.

During the evaluation process, the City of Lathrup Village reserves the right, where it may serve the City of Lathrup Village'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 of Lathrup Village, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Lathrup Village 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 exceptions are clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Lathrup Village and the firm selected.

**USE OF THE CITY OF LATHRUP VILLAGE LOGO IN YOUR PROPOSAL IS PROHIBITED.**

### B. Tentative Schedule

Issue RFP	April 15, 2021
Responses Due	June 1, 2021 by 4:00pm June 7 - 11, 2021
Proposals Evaluated	June 21, 2021
Possible Interviews Award	July 1, 2021 (or as negotiated)
Contract Commences	

### **C. Term of Engagement**

A five (5) year contract is contemplated with a City option to renew for up to two (2) additional years in one (1) year increments.

### **C. RFP Distribution/Addenda**

The City of Lathrup Village officially distributes RFP documents through the city website [www.lathrupvillage.org](http://www.lathrupvillage.org) and the Michigan Intergovernmental Trade Network (MITN) at [www.mitn.info](http://www.mitn.info). Copies of RFP documents obtained from any other source are not considered official copies. The City of Lathrup Village cannot guarantee the accuracy of any information not obtained from the City or MITN website and is not responsible for any errors contained by any information received from alternate sources. Any addendum issued by the City will be posted on the City and MITN website, shall become part of the RFP and shall be taken into account by each proposer in preparing their proposal. Only written addenda are binding. It is the Proposer's responsibility to be sure they have obtained all addenda. Receipt of all addenda must be acknowledged on fee proposal form.

### **D. Insurance Requirements**

A certificate of insurance naming the City of Lathrup Village as an additional insured and meeting the requirements shown in Attachment A (Sample Agreement) must be provided to the City by the successful proposer prior to commencement of work. A current certificate of insurance is to be on file with the City for entire contract period.

## **II. NATURE OF SERVICES REQUIRED**

### **A. General**

The City of Lathrup Village is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2021, 2022, 2023, 2024, 2025, with a City option to renew for 2026 and 2027.

### **B. Scope of Work to be Performed**

#### **Annual Audit**

The City Charter and State law require an annual audit of the financial records and transactions of the City by independent certified public accountants selected by the City Council. In addition to meeting the requirements set forth in the City Charter and State law, the audit should also be designed to meet the requirements of the Single Audit Act and related OMB Circular A-133, if applicable. The auditor's reports related specifically to the single audit should be issued under separate cover.

The City of Lathrup Village desires the auditor to express an opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information including the

discretely presented component unit of the City of Lathrup Village in conformity with generally accepted accounting principles. The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

### **C. Auditing Standards to be Followed**

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and, if applicable, the provisions of the Single Audit Act of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

### **D. Special Considerations - Auditors Are to Prepare:**

1. The Annual Financial Report with Supplemental Information.
2. Basic financial Statements, including: Government Wide Financial Statements; Fund Financial Statements (General and Proprietary); and Notes.
3. Supplement Information, including schedules related to pension and OPEB liabilities and contributions and General Fund Comparison Schedule.
4. GASB 40 Statement requirements, including deposit and investment risk disclosures.
5. GASB 84 Fiduciary Activities, including MERS Retiree Health Fund.
6. Financial statements relative to previously existing and new Deb Service and Capital Projects.
7. If required, the preparation of a single audit.
8. It is required that all audit work be completed and the final Audit Report be presented to the City Council no later than the first regular council meeting in November.

### **E. 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 Lathrup Village 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 Lathrup Village
- Parties designated by the federal or state governments or by the City of Lathrup Village as part of an audit quality review process

- Auditors of entities of which the City of Lathrup Village is a sub-recipient of grant funds

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.

### **III. DESCRIPTION OF THE GOVERNMENT**

#### **A. Contact Person**

The auditor's principal contact with the City of Lathrup Village will be Pamela Bratschi, Treasurer/Assistant City Administrator, or a designated representative, who will provide the assistance by the City of Lathrup Village to the auditor.

#### **B. Background Information**

The City of Lathrup Village, incorporated in 1953, is strategically located in the southeastern portion of vibrant Oakland County. Lathrup Village encompasses an area of approximately 1.5 square miles and is surrounded by the City of Southfield. The 2010 census placed the City of Lathrup Village's population at just over 4,000.

More detailed information on the City of Lathrup Village and its finances can be found in by accessing the City of Lathrup Village's website at [www.lathrupvillage.org](http://www.lathrupvillage.org).

#### **C. Fund Structure**

As of July 1, 2020, the City of Lathrup Village and its component units used the following fund types in its financial reporting:

##### **Fund Type**

General Fund  
 Special revenue funds (Major Roads, Local Roads)  
 Capital project funds  
 Debt service funds  
 Enterprise funds (Water and Sewer Fund)  
 Fiduciary funds  
 Component Unit - Downtown Development Authority

The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The financial section also contains required supplemental information in addition to the basic financial statements.

#### **D. Budgetary Basis of Accounting**

The City of Lathrup Village prepares its budgets on a basis consistent with generally accepted accounting principles, except that transfers have been included in the "revenue" and "expenditure" categories, rather than as "other financing sources (uses)."

#### **E. Pension Plans**

The City of Lathrup Village is an agent multiple-employer defined benefit pension plan administered by the Michigan Municipal Employees Retirement System (MERS) that covers certain general, nonunion, police, and patrol employees of the City.

In addition, the City provides additional other post-employment benefits to all full-time employees hired after July 1, 2008 through a retiree health care savings plan administered by ICMA - Meritain Health. Under the plan, there are no employee contributions, and the City contributes 2 percent of employees' base salaries into eligible employees' health savings accounts for retirement health care. Contributions to the health savings accounts by the City were \$21,642 for the year ended June 30, 2020.

#### **F. Component Units**

In accordance with the Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the City of Lathrup Village has identified the Economic Development Corporation as a discretely presented component unit within the government-wide financial statements.

#### **G. Joint Ventures**

The City is a member of the Southeast Oakland County Resource Recovery and Recycling Authority (SOCRRA) and the Southeast Oakland County Water Authority (SOCWA). Each Authority is incorporated by the multiple Cities in Oakland County. The City appoints one member to each of the joint venture's governing boards, which then approves the annual budget. The joint ventures receive its operating revenue from member contributions and service related income.

#### **H. Availability of Prior Audit Reports and Working Papers**

Interested proposers who wish to review prior years' audit work papers and management letters should contact Pamela Bratschi, Treasurer/Assistant City Administrator via email at [treasurer@lathrupvillage.org](mailto:treasurer@lathrupvillage.org). The City of Lathrup Village will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this Request for Proposals.

### **IV. TIME REQUIREMENTS**

#### **A. Date Audit May Commence**

The City of Lathrup Village will have all records ready for audit and all management personnel available to meet with the firm's personnel no later than **September 15<sup>th</sup>** of each year or an alternate date mutually agreed upon by the Finance Director and the audit firm.



## **B. Date Final Report is Due**

The Finance Department will complete their review of the draft report as expeditiously as possible. It is expected that this process should not exceed one week. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the City Treasurer. It is anticipated that this process will be completed and the final report presented to City Council at the City's first meeting of **November**. If the start date of the audit is moved forward or pushed back, the final report presentation will be adjusted as well.

## **V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT REPARATION**

### **A. Finance Department**

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the City of Lathrup Village.

### **B. Statements and Schedules to be Prepared by the Staff of the City of Lathrup Village**

The Finance staff of the City of Lathrup Village will prepare all required supporting work papers, confirmations, financial report footnotes (with the exception of GASB 40) and statistical information.

### **C. Work Area, Telephone, Photocopying, and Internet Services**

The City of Lathrup Village will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to one telephone line, photocopying facilities and internet services.

### **D. Report Preparation**

The preparation of the Annual Financial Report, report formatting printing and filing of the report with the State of Michigan shall be the responsibility of the auditor.

## **VI. PROPOSAL REQUIREMENTS**

### **A. General Requirements**

#### **1. Inquiries**

Inquiries concerning the RFP and the subject of the RFP should be made in writing via email:

Pamel Bratschi, Treasurer/Assistant City Administrator  
treasurer@lathrupvillage.org

Any interpretation or correction, as well as any additional RFP provisions that the City may decide to include, will be made as an addendum which will be posted on the MITN website at [www.mitn.info](http://www.mitn.info).

#### **2. Submission of Proposals**

The following material is required to be received by the due date and time for a proposing firm to be considered:

- a. An unbound original (may be clipped but not stapled or bound) of the Proposal, seven (7) additional copies (which may be bound), and one (1) electronic copy which are to include the following:

- i. **Title Page**

- Title page showing the Request for Proposals' subject; the firm's name; the name, address and telephone number of a contact person, date of the proposal, acknowledgment of all addenda, and signature of representative authorized to sign a contract.

- ii. **Table of Contents 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 a period of 90 days.

- iii. **Detailed Proposal**

- The detailed proposal should follow the order set forth in Section VI-B of this Request for Proposals.

### **B. Proposal**

#### **1. General Requirements**

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Lathrup Village 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 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 proposal should address all the points outlined in the RFP. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the following subjects, items 2 through 13, 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 Lathrup Village as defined by generally accepted auditing standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the City of Lathrup Village or any of its agencies or component units 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 Lathrup Village written notice of any professional relationships entered into during the period of this agreement.

## 3. License to Practice in Michigan

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Michigan.

## 4. Debarment, Suspension, Ineligibility, and Voluntary Exclusion

The firm shall comply with the provisions of 24 CFR Part 24 that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract. Additionally, the Consultant shall not use, directly or indirectly, any of the funds provided by this contract to employ, award contracts to, or otherwise engage the services of, or fund any contractor/subcontractor during any period that the contractor/subcontractor is debarred, suspended or ineligible under the provisions of 24 CFR Part 24.

## 5. 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 professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

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 governmental engagements.

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. 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 regulatory bodies or professional organizations.

#### 6. 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 Michigan. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

This firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

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 of Lathrup Village. However, in either case, the City of Lathrup Village retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this RFP can only be changed with the express prior written permission of the City of Lathrup Village, 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.

#### 7. 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.

In addition, provide a complete list of governmental clients to which you provide audit services.

#### 8. Specific 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 II of this Request for Proposals. In developing the work plan, reference should be made to such sources of information as the City of Lathrup Village'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 sizes and the extent to which statistical sampling is to be used in the engagement
- d. Type and extent of analytical procedures to be used in the engagement
- e. Approach to be taken to gain and document an understanding of the City of Lathrup Village's internal control structure
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work
- g. Approach to be taken in drawing audit samples for purposes of test of compliance

#### 9. 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 of Lathrup Village.

#### 10. Report Format

The proposal should include sample formats for required reports.

#### 11. Total Price and Hours Breakdown

The fee proposal should contain all pricing and hours information relative to performing the audit engagement as described in this Request for Proposals including the following: auditing services, CAFR preparation and single audit, if necessary (see attachment B).

The City of Lathrup Village will not be responsible for expenses incurred in preparing and submitting the proposal or the fee proposal. Such costs should not be included in the proposal.

The fee proposal should include the following information:

- a. Name of Firm
- b. 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 the City of Lathrup Village.
- c. Pricing requested on Schedule of Professional Fees for the Audit
- d. Acknowledgement of all addenda

## 12. 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 fee proposal. Interim billings shall cover a period of not less than a calendar month.

## **VII. EVALUATION PROCEDURES**

### **A. Review of Proposals**

The City of Lathrup Village will use a formula during the review process to score proposals. Each member of the Review Committee will first score each proposal by each of the criteria described in Section VII B below. The full Review Committee (including members of City Council) will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration. The City of Lathrup Village reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

### **B. Evaluation Criteria**

Proposals will be evaluated using four sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored. The following represent the principal selection criteria which will be considered during the evaluation process. The decisions and opinions of the Audit Committee regarding proposal evaluations are final and cannot be appealed. Total of 100 possible points.

### **1. Firm Qualifications, Expertise and Experience (40 points)**

- a. The firm's past experience and performance on comparable government engagements of comparable size and located in SE Michigan
- b. Number of dedicated governmental team members.
- c. Level and quality of internal control and results of external quality control review.
- d. Expertise of proposed team.
- e. Knowledge of applicable accounting standards, including recent and upcoming GASB pronouncements.
- f. Firm leadership in governmental industry.

### **2. Technical Requirements - Specific Audit Approach (30 points)**

- a. Completeness of audit plan (does it fit with the city's activities and RFP requirements)?
- b. Ability to conduct audit in a remote environment, including use of technology in the audit
- c. Communication plan during audit to management and council

### **3. Reference Scoring (10 points)**

- a. Are reports delivered on time and on budget?
- b. Is the Audit partner and manager involved and present for discussions during the audit?
- c. Is there low staff turnover on your audit?
- d. Do they avoid charge above the stated fee?
- e. Do they provide assistance with new standards and overall guidance outside of the audit?

### **4. Additional Services (10 points)**

- a. Additional services, such as staff training, tool kits, templates, etc.

### **5. Cost Scoring (10 points)**

- a. Lowest Price (10 points)
- b. Next Lowest (9 points)
- c. Third Lowest (8 points)

## **C. Oral Presentations**

During the evaluation process, the Audit Committee may, at its discretion, require any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal.

## **D. Right to Reject Proposals**

Submission of a proposal indicates acceptance by the firm(s) 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 Lathrup Village and the firm(s) selected.

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

**ATTACHMENT A**

**CONTRACT FOR PROFESSIONAL AUDITING SERVICES**

**THIS CONTRACT FOR PROFESSIONAL SERVICES** ("Contract"), made and entered into this 1st day of \_\_\_\_\_, 20\_\_, by and between the City of Lathrup Village, a Michigan municipal corporation, whose address is 27400 Southfield Road, Lathrup Village, Michigan 48076 (hereinafter called the "City" and \_\_\_\_\_, whose address is \_\_\_\_\_ (hereinafter called the "Auditor").

**RECITALS:**

**A.** The City issued a Request for Proposal for Auditing Services on or around April 15, 2021.

**B.** Auditor submitted its Proposal to Provide Auditing Services to the City in response to the City's request.

**C.** Following a competitive interview process, Auditor was selected to perform the duties of Auditor; and

**D.** The City and Auditor have determined that it is appropriate to agree on a multi-year term for the provision of such services, for the years ended June 30, 2021, June 30, 2022, June 30, 2023, June 30, 2024 and June 30, 2025, with the option to renew for June 30, 2026 and June 30, 2027.

**NOW, THEREFORE**, in consideration of the foregoing, the City and Auditor agree as follows:

**1. Services to be Provided by Auditor.**

- a. **Review financial statements.** Auditor shall audit the City's financial statements for the fiscal years ending June 30, 2021, June 30, 2022, June 30, 2023, June 30, 2024 and June 30, 2025, with the option to renew for June 30, 2026 and June 30, 2027, for the purpose of expressing an opinion on the fairness with which those statements present the City's financial position. For purposes of this Agreement, "financial statements" shall include the City's comprehensive annual financial report as well as that of the Economic Development Corporation (EDC) of the City of Lathrup Village, Michigan. Such audits shall be performed in accordance with the AICPA's generally accepted auditing standards, the standards set forth for financial audits in the U.S. Government Accountability Office's (GAO) Government Auditing Standards (1988), and the provisions of the Federal Single Audit Act of 1984, and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments (when applicable). The Auditor shall also review the City's financial report for compliance with Government Finance Officers Association



(GFOA) Distinguished Budget Presentation requirements.

- b. **Provide written opinion and reports.** As a part of the audit, the Auditor shall give its written opinion on the fairness of the presentation in the City's basic financial statements of the governmental activities and the business-type activities, the results of operations, and cash flows of each major fund, and the aggregate remaining fund information, including any discretely presented component units of the City of Lathrup Village in conformance with generally accepted accounting principles. A compliance audit in order to meet the requirements of the Single Audit Act shall be performed if deemed necessary at the sole option of the City. At the conclusion of said audit, a letter of comments and recommendations shall be submitted to the City. The letter shall include a summary of the audit findings and recommendations for changes in accounting procedures and methods of internal control.

The Auditor shall be responsible for all editing and printing of the following reports:

Annual Financial Report	15 copies
Single Audit Report, if applicable	15 copies
Letter of Comments and Recommendations (City)	15 copies
Audit Presentation (graphs, etc.)	15 copies

All working papers and reports must be retained, at the Auditor's expense, for a minimum of three (3) years, unless the Auditor 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 Auditor shall respond to the reasonable inquiries of successor Auditors and allow successor Auditors to review working papers relating to matters of continuing accounting significance.

- c. **City to supply financial information.** The City shall provide Auditor with access to its financial statements and footnotes, which it may formulate from its June 30 general ledger and other relevant materials necessary for Auditor to perform the services described herein. The City may also submit additional financial and statistical information not subject to examination by the Auditor for inclusion in the comprehensive annual financial report.

**2. Payment for services.**

The City shall pay the Auditor for services rendered under this Contract in accordance with the Schedule of Professional Fees For the Audit Proposal attached hereto as Attachment B. Such payments shall be made on a monthly basis upon receipt of an itemized invoice from the Auditor. Such

itemized billings shall be submitted and shall be paid only upon satisfactory completion of the work itemized in the billing. Auditor will obtain written approval from the City prior to proceeding with any services or work that is not stated in Exhibit 1; otherwise the City will not be billed for such extra/additional services or work.

**3. Auditor representations.**

Auditor represents and warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Auditor, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee of the Auditor, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the City shall have the right to annul this Agreement without liability.

**4. Insurance.**

The Auditor shall procure and maintain during the term of the Contract the insurance coverage's outlined below. All coverage's shall be with insurance companies licensed and admitted to do business in the State of Michigan. All coverage's shall be with insurance carriers acceptable to the City of Lathrup Village.

- a. **Worker's Compensation** insurance with the Michigan statutory limits and Employer's Liability insurance with minimum limits of **\$100,000** (One Hundred Thousand Dollars) each accident.
- b. **Commercial General Liability Insurance** – The Auditor shall procure and maintain during the life of this Contract, Commercial General Liability Insurance, Personal Injury, Bodily Injury and Property Damage on an "Occurrence Basis" with limits of liability not less than **\$1,000,000** (One Million Dollars) per occurrence combined single limit.
- c. **Automobile Liability** insurance covering all owned, hired and non-owned vehicles with Personal Protection insurance to comply with the provisions of the Michigan No Fault Insurance Law including Residual Liability insurance with minimum bodily injury limits of **\$1,000,000** (One Million Dollars) each person and **\$1,000,000** (One Million Dollars) each occurrence and minimum property damage limits of **\$1,000,000** (One Million Dollars) each occurrence.
- d. **Professional Liability** coverage in the amount of not less than **\$1,000,000** (One Million Dollars) on a per claim/aggregate.

The City of Lathrup Village shall be named as an Additional Insured. Certificates of Insurance evidencing such coverage shall be submitted to the City Clerk, City of Lathrup Village, 27400 Southfield Road, Lathrup Village, Michigan 48076

prior to commencement of performance under this Contract and at least fifteen (15) days prior to the expiration dates of expiring policies.

The provisions requiring the Auditor to carry said insurance shall not be construed in any manner as waiving or restricting the liability of the Auditor under this Contract.

**5. Indemnity.**

The Auditor agrees to save harmless and defend the City against and from any or all liability, loss, or damages, including without limitations, fees and expenses of attorneys, expert witnesses and other consultants ("Damages"), that the City may suffer as a result of claims, demands, costs, or judgments against it to the extent such Damages arise from, out of or in consequence of the negligent performance of Auditor in connection with the audit services contemplated in this Agreement, excepting only such liability, loss or damage as shall have been occasioned by the sole negligence of the City of the City of Lathrup Village, its officers, agents, or employees.

**6. Nondiscrimination.**

The Auditor shall not discriminate against any employee, or applicant for employment because of race, color, sex, age, or handicap, religion, ancestry, marital status, national origin, place of birth, or sexual preference. The Auditor further covenants that it will comply with the Civil Rights Act of 1973, as amended; and the Michigan Civil Rights Act of 1976 (78. Stat. 252 and 1976 PA 453), and will require a similar covenant on the part of any consultant or subcontractor employed in the performance of this Contract.

**7. Staffing.**

In its Proposal, the Auditor identified the principal supervisory and management staff, including engagement partners, managers and other supervisors and specialists who would be assigned to the City's work. Such 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 of Lathrup Village. However, in either case, the City of Lathrup Village retains the right to approve or reject replacements. Consultants and firm specialists named in the Auditor's proposal may only be changed with the express prior written permission of the City of Lathrup Village, which retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the Auditor provided that replacements have substantially the same or better qualifications or experience.

**8. No assignment.**

The Auditor shall not assign any interest under this Contract and shall not transfer any interest in the same without prior written consent of the City. No reports, information, or data given to or prepared by the Auditor under the Contract shall be made available to any individual or organization by the Auditor without the prior written approval of the City.

**9. Compliance with laws.**

The Auditor shall, in the performance of this Agreement, comply with and give all stipulations and representations required by all applicable federal, state and local laws, ordinances and regulations, and shall require such compliance, stipulations and representations by all other persons with whom it shall enter into any Contract pertaining to the work hereunder.

**10. Incorporated documents.**

In addition to the terms and conditions stated herein, the Auditor's "Proposal to provide Auditing Services," dated \_\_\_\_\_, is incorporated herein to the extent not inconsistent with this Contract.

**11. Term.**

This Contract shall apply for the fiscal years ending June 30, 2021, June 30, 2022, June 30, 2023, June 30, 2024 and June 30, 2025, with an option to renew for June 30, 2026 and June 30, 2027, at the sole option of the City. Such option shall be deemed to have been exercised unless the City notifies the Auditor, in writing, by June 1, 2026 and 2027, for the respective fiscal years, that it does not want to exercise the option. If the City does so advise the Auditor, there shall be no further obligation between the parties except as specifically set forth herein.

**12. Termination.**

The City shall have the right to terminate this Contract with or without cause on thirty **(30)** days written notice. In the event of termination, the Auditor shall receive just and equitable compensation for any satisfactory work completed to the date termination takes effect and the City shall be entitled to retain and use all audits, reports and recommendations prepared by the Auditor until such date.

**13. Disputes.**

This Contract shall be governed by and construed in accordance with the laws of the State of Michigan that are applicable to Contracts made and to be performed in that state. Should any court action be commenced at any time involving or concerning this Contract, it is hereby agreed that jurisdiction and venue shall be in the State of Michigan Circuit Court in Oakland County. In the event of any litigation arising out of this Contract, the prevailing party shall be entitled to recover attorneys' fees and costs from the other party.

**14. Debarment, Suspension, Ineligibility and Voluntary Exclusion.**

The Auditor shall comply with the provisions of 24 CFR Part 24 that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this Contract.

**IN WITNESS WHEREOF**, the City and the Auditor have executed this Contract in Oakland County, Michigan, as of the date first listed above.

**WITNESS:**

**City of Lathrup Village ("City"):**

\_\_\_\_\_

By: \_\_\_\_\_  
Mykale Garrett, Mayor

\_\_\_\_\_

By: \_\_\_\_\_  
Yvette Talley, Clerk

**WITNESS:**

\_\_\_\_\_  
**("Auditor"):**

\_\_\_\_\_

By: \_\_\_\_\_  
Name, title

1066266



A HERITAGE OF GOOD LIVING

## ATTACHMENT B

### CITY OF LATHRUP VILLAGE

### RFP PROFESSIONAL AUDITING SERVICES FEE PROPOSAL

#### SCHEDULE OF PROFESSIONAL FEES FOR THE AUDIT OF THE 2021, 2022, 2023, 2024, 2025 FINANCIAL STATEMENTS

	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
Audit Services	\$	\$	\$	\$	\$
Single Audit	\$	\$	\$	\$	\$
Annual Financial Report	\$	\$	\$	\$	\$
<b>TOTAL (NOT TO EXCEED)</b>	\$	\$	\$	\$	\$

	Hours		Hourly Rate		Total Audit Fee 6/30/2021
Partners		X	\$	=	\$
Managers		X	\$	=	\$
Supervisory Staff		X	\$	=	\$
Staff		X	\$	=	\$
Other (specify):		X	\$	=	\$
<b>GRAND TOTAL (NOT TO EXCEED)</b>					\$

**We acknowledge the following addenda:**

\_\_\_\_\_ (please indicate addenda numbers)

**This proposal submitted by:**

Representative Name (printed) \_\_\_\_\_

Title \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

E-mail \_\_\_\_\_

Company (Legal Registration) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_