



Department of Finance and Purchasing  
**NOTICE**

Thank you for your inquiry regarding the City of Portage project listed below:

AUDITING SERVICES

If your firm plans to submit a proposal on this project, please send an e-mail response to [purchasing@portagemi.gov](mailto:purchasing@portagemi.gov) with the following information:

Firm Name: \_\_\_\_\_  
Project Name: \_\_\_\_\_  
Firm's Contact Person: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Fax Number: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_  
Postal Address: \_\_\_\_\_

The City of Portage Purchasing Division will use this information to communicate with you in the event an addendum or change to this project is issued. If you do not send this information to the City of Portage, you will not receive any follow-up notification of any changes to the project.

Issue Date: February 17, 2016

REQUEST FOR PROPOSALS

AUDITING SERVICES

The City of Portage invites interested Firms to submit information regarding experience, qualifications, and fees for providing professional auditing services. The information submitted, including experience, qualifications, fee schedule, and information requested as a part of this Request for Proposal will be reviewed for the purpose of selecting a Firm to perform the work. The City is desirous of receiving proposals for an amount not to exceed a specified dollar figure, as described in the following pages. In the event you are unable to submit such a proposal, you are invited to submit a proposal based on the fee/compensation structure that you deem most appropriate. In any case, the proposal submitted should cover any and all expenses related to the project. **PRIMARY CONSIDERATION WILL BE GIVEN TO PROPOSALS SUBMITTED IN THE FIRM SPECIFIC DOLLAR FORMAT REQUESTED.**

Favorable pricing will be one element of the selection process. The experience of the firm, qualifications, experience and ability of assigned staff, resources, completeness of the level of service proposed and timeliness of service proposed by the Firm will also be significant factors in award of this professional service contract. Final decision on selection of the Firm for this project will be determined by the City of Portage. The City of Portage reserves the right to reject any proposals or parts of proposals. The City also reserves the right to waive any irregularities, inconsistencies, or take what other action is appropriate as determined by the City to be in the best interest of the City.

Questions regarding the scope of work to be accomplished may be directed to Bill Furry, Finance Director, (269) 324-9267. Questions pertaining to the selection process, insurance requirements, or other procedural requirements should be directed to Judy Johnson, Purchasing Manager at (269) 329-4534. Proposals may be mailed or delivered to the City of Portage Purchasing Department, 7900 South Westnedge Avenue, Portage, Michigan 49002. Sealed envelopes should be plainly marked:

REQUEST FOR PROPOSAL: Auditing Services

BID CLOSING: Thursday, March 24, 2016, 3:00 P.M.

A complete Request for Proposal may be viewed or downloaded at [www.portagemi.gov](http://www.portagemi.gov), or mailed by contacting the Purchasing Division.

A pre-proposal submission meeting is scheduled for Thursday, March 10, 2016 at 10:00 a.m. in the City Hall Conference Room #1. City of Portage staff will be present for the purpose of addressing the specifications and/or answering any inquiries you may have about the project or process.

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Attachment

Draft Contract

1. **CITY OF PORTAGE INSTRUCTIONS FOR PROPOSAL SUBMISSION**

1.1. Examination of Request for Proposal Documents

Before submitting a proposal, the Firm shall carefully examine the specifications and shall fully inform themselves as to all existing conditions and limitations and shall indicate in the proposal the sum to cover the cost of all items included on the proposal form.

1.2. Withdrawal of Proposals

1.2.1. Any Firm may withdraw its proposal, either personally, by facsimile or by letter, at any time prior to the scheduled closing time for receipt of proposals.

1.2.2. Each proposal shall be considered binding and in effect for a period of ninety (90) days after the closing date.

1.3. Opening of Proposals

Proposals will be opened and evaluated as soon as practical after the closing date and time set forth on the cover page.

1.4. Proposal Form

1.4.1. Whenever forms are provided, each proposal shall be made on the form provided and, except for proposals submitted via facsimile equipment, shall be submitted in a sealed envelope bearing the title of work and the name of the Firm, and shall be signed by an individual authorized to execute the proposal on behalf of the Firm.

1.4.2. Modifications: Alternate written proposals submitted may be considered; however, final determination as to suitability and compliance with specifications of the City will lie with the City. It is recommended that if an alternate proposal is to be suggested that the firm provide both a proposal that meets all specifications and any alternate proposals. In this way the Firm can have its alternate considered, but if the alternate is not acceptable the proposal meeting specifications can still be considered.

1.4.3. Delivery of Proposals: Proposals shall be delivered by the time and to the place stipulated on the cover page. It is the sole responsibility of the Firm to see that its proposal is received in the proper time. Any proposals received after the closing date and time will be returned unopened.

1.5. Proposals Submitted via Facsimile Equipment

Proposals may be submitted via facsimile equipment in the following manner.

1.5.1. Transmittal page must be plainly marked:

“Proposal Bid for: \_\_\_\_\_ for opening \_\_\_\_\_.”  
Proposal Name Date

1.5.2. When bids are submitted via facsimile equipment, both the original document and the facsimile printout are considered counterpart originals.

1.5.3. Proposals submitted via facsimile equipment must meet all requirements of Section 1.16 to be considered responsive.

- 1.5.4. The Firm assumes all responsibility for errors due to illegibility, omission, or any other action(s) or inaction(s) whatsoever, pertaining to the receipt by the City of a proposal submitted via facsimile equipment.
- 1.5.5. In electing to use the facsimile option, the Firm assumes full responsibility for any and all errors, omissions, or mistakes that result in a proposal not being submitted in a timely manner, whether or not the mistake was the fault of the Firm.

1.6. Non-Discrimination

The Contractor agrees to comply with the Federal Civil Rights Act of 1964 as amended; the Federal Civil Rights Act of 1991 as amended; the Americans With Disabilities Act of 1990 as amended; the Elliott-Larsen Civil Rights Act, Article 2, Act no. 453, Public Act of 1976 as amended; the Michigan Handicapper's Civil Rights Act, Article 2, Act. No. 220; Public Act of 1976, as amended and all other applicable Federal, State and Local laws and regulations. Specifically, contractors and subcontractors are required not to discriminate against any employee or applicant for employment with respect to such person's hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment because of such person's height, weight, race, color, religion, national origin, ancestry, age, marital status, sex or disability, as defined by law. Breach of this covenant may be regarded as a material breach of the contract.

The City of Portage in accordance with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 USC 2000d to 2000d-4 and Title 49, Code of Federal Regulations, Department of Federally-assisted programs of the Department of Transportation issued pursuant to such Act, hereby notifies all bidders that it will affirmatively ensure that in any contract entered into pursuant to this advertisement, minority business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of gender, disability, race, color or national origin in consideration for an award.

1.7. Purpose

The City of Portage requests qualified independent certified public accountants to submit proposals to enter into a term contract to perform a financial audit of comprehensive annual financial report (CAFR) for each of the fiscal years ended June 30, 2016; June 30, 2017; June 30, 2018. Two renewals of one year each at mutually agreeable terms are available extensions to the initial three year contract. The City's 2014/15 audited CAFR is available for examination at Portage City Hall, as well as on the City's website, [www.portagemi.gov](http://www.portagemi.gov), on the Finance Department page.

1.8. Indemnification

To the fullest extent permitted by Laws and Regulations, the Firm shall indemnify and hold harmless the City and its officers, directors, employees, agents and consultants from and against all claims, costs, losses and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) caused by, arising out of or resulting from the performance of the Work or from the failure to comply with any covenant or term of the contract, provided that any such claim, cost, loss or damage: (i) is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the work itself), including the loss of use resulting therefrom or (ii) is caused in whole or in part by any act or omission of the Firm, any Subcontractor, any Supplier, any person or organization directly or indirectly employed by any of them to perform or furnish any of the Work or anyone for whose acts any of them may be liable, regardless of whether or not caused in part by any act or omission of a person or entity indemnified hereunder or whether liability is imposed upon such indemnified party by Laws and Regulations regardless of the negligence of any such person or entity.

In any and all claims against the City or any consultants, agents, officers, directors or employees of the

City by any employee (or the survivor or personal representative of such employee) of the Firm, any Subcontractor, any Supplier, any person or organization directly or indirectly employed by any of them to perform or furnish any of the Work, or anyone for whose acts any of them may be liable, the indemnification obligation above shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Contractor or any such Subcontractor, Supplier or other person or organization under workers' compensation Acts, disability benefit Acts or other employee benefit Acts.

Insurance coverage required by the firm constitutes the minimum requirements and those requirements shall in no way lessen or limit the liability of the firm under the terms of the contract. The contractor shall procure and maintain at firm's own cost and expense any additional claims or amounts of insurance that, in the judgment of the City, may be necessary for contractor's proper protection in the prosecution of the work.

1.9. Insurance

The successful Firm agrees to provide insurance as outlined below. The firm, or any of its subcontractors, shall not commence work under this contract until it has obtained the insurance required under this section, and shall keep such insurance in force during the entire life of this contract. All coverage shall be with insurance companies licensed and admitted to do business in the State of Michigan and acceptable to the City of Portage. The requirements below should not be interpreted to limit the liability of the Firm. All deductibles and SIR's are the responsibility of the Firm.

The Firm shall provide the City of Portage, at the time that contracts are return by the firm for execution, a Certificate of Insurance as well as the required endorsements. In lieu of required endorsements, if applicable, a copy of the policy sections where coverage is provided for additional insured and cancellation notice should be acceptable. Copies or certified copies of all policies mentioned shall be furnished, if so requested.

If any of the coverages expire during the term of the contract, the Firm shall deliver renewal certificates and endorsements to the City of Portage at least ten days prior to the expiration date.

Worker's Compensation Insurance - Covering all persons engaged in work under this contract to the full statutory limits stipulated in the Michigan Worker's Compensation Act.

Comprehensive General Liability Insurance:

Bodily Injury - at least \$1,000,000/occurrence  
Property Damage - at least \$1,000,000/occurrence  
Personal Injury - at least \$1,000,000/occurrence

Professional Liability Coverage (errors and omissions) covering an actual or alleged error, statement, act, omission, neglect or breach of official duty, including misfeasance, malfeasance, and non-feasance - at least \$1,000,000/occurrence.

If an "occurrence" policy is unavailable for the professional liability coverage, please include a statement from your insurance agent or broker indicating non-availability of the occurrence form. Under these circumstances, a "claims made" form will be considered if written in the requested amount.

Motor Vehicle Liability Insurance:

Bodily Injury - at least \$1,000,000/occurrence  
Property Damage - at least \$1,000,000/occurrence  
Personal Injury - at least \$1,000,000/occurrence

Additional Insured: Comprehensive General Liability and Motor Vehicle Liability Insurance shall include an endorsement stating the following shall be additional insured: The City of Portage, including all elected and appointed officials, all employees and volunteers, all boards, commissions, and/or authorities and board members, including their employees and volunteers thereof. It is understood and agreed by naming the City of Portage as additional insured, coverage afforded is considered to be primary and any other insurance the City of Portage may have in effect shall be considered secondary and/or excess. A policy endorsement shall be provided.

Cancellation Notice: All policies, as described above, shall include an endorsement stating it is understood and agreed that thirty (30) days Advanced Written Notice of Cancellation, Non-Renewal, Reduction, and/or Material Change of the policy, and Ten (10) days written notice for non-payment of premium, shall be sent to the City of Portage Purchasing Manager, 7900 S. Westnedge Avenue, Portage, MI 49002. A policy endorsement shall be provided.

It shall be the responsibility of the Firm to ensure that each subcontractor utilized by the Firm (if any) provides evidence that each subcontractor carries insurance in like amounts, prior to the time such subcontractor proceeds to perform under the contract.

1.10. Pre-Proposal Submission Meeting

The City of Portage staff will be present on Thursday, March 10, 2016 at 10:00 a.m. in Conference Room #1 in Portage City Hall for the purpose of addressing this specification and/or answering any inquiries you may have about the project or the process.

Following this meeting if warranted an addendum to the request for proposals will be issued to address any changes or clarifications. Attendance at this meeting is not mandatory, but is strongly recommended since the purpose of the meeting is to address any questions or problems that might arise so that all interested parties can share the benefit of uniform oral and written inquiry responses. All questions or concerns regarding the selection process or procedural matters should be addressed at that meeting.

1.11. Time and Progress

TIME IS OF THE ESSENCE in respect to the work contemplated hereunder, and the Firm agrees to do the work in conformity with the provisions set forth herein and to prosecute all work with all due diligence, so as to complete any work required under the contract within the shortest reasonable period of time.

The requested timetable for the audit is specified as follows:

<u>Date</u>	<u>Task</u>
March 10, 2016	Pre-Bid Conference
March 24, 2016	Receive Proposals
April 26, 2016	Contract Awarded
October 21, 2016	Schedules Finalized
December 9, 2016	Final Report

Please note this timeline is not meant to hold the Firm responsible for conditions over which it has no control, but it is intended to provide the City with information on how the project might progress using high quality standards necessary to implement a quality project.

THIS TIMETABLE SHOULD NOT BE VIEWED AS FIRM. IT REPRESENTS THE BEST PROJECTION BASED ON VARIABLES KNOWN AT THIS TIME. The schedule shall be finalized

each year based on information known at that time.

1.12. Representations

If any questions or responses require revision to the Request for Proposal as originally published, such revisions will be by formal addendum only. If the Request for Proposal includes a contact person for technical information, firms are cautioned that any oral or written representations made by this or any person that appear to change materially any portion of the Request for Proposal shall not be relied upon unless subsequently ratified by a written addendum to the Request for Proposal issued by the Purchasing Division. For determination as to whether any representation made requires that an addendum be issued, contact the Purchasing Department (269) 329-4534.

1.13. Firm Qualifications

1.13.1. The firm must have experience in auditing cities with populations of 40,000 or more which apply for and receive the Certificate of Achievement for Excellence in Financial Reporting from the GFOA, having a CAFR reviewer on staff is a plus.

1.13.2. Minimum 10 years of experience auditing cities in Michigan with populations above 40,000 and which have a DDA, a LDFA and a Brownfield TIF which are treated as blended component units. Experience with CDBG and Federal Grants is mandatory.

1.13.3. Be qualified to perform federal single audits per the yellow book.

1.14. Licensing and Continuing Education

1.14.1. The firm and partner assigned to the engagement must be licensed to perform the audit as provided by the applicable laws of the State of Michigan.

1.14.2. Staff assigned to the audit must meet the continuing education requirements required by Government Auditing Standards, issued by the Comptroller General of the United States.

1.15. Project Information Sheet

Responsive proposals must include a fully executed information sheet located in the document proposal, Section 4.0. This document is self explanatory.

1.16. Concept Statement

After fully evaluating proposal requirements and the project description, each Firm shall develop a concept statement that will describe the proposed method for project implementation. The City will use the concept statement to determine the degree of understanding of the project, evaluate methodology proposed and compare feasibility of the methods proposed in evaluating proposals received. The concept statement should be limited to a maximum of 10 pages on 8-1/2 x 11" paper, to be double spaced.

General information about the Firm may be provided in the proposal as determined appropriate by the Firm, but such general information about the firm, references and general background should **not** be included in the concept statement(s). The concept statement should reflect the plan of the firm and address the specifics of the project. The estimated number of hours of work reflected in the lump sum proposal shall be indicated in the Project Information Sheet Item 4.5.

1.17. Professional Service Work Sample

The Firm shall provide with its proposal a sample document prepared for a client that the Firm believes is representative of professional work of the Firm, preferably in an area related to the services being requested. This document will be used in the evaluation process in selecting a firm to provide services. At the request of the Firm, the document can be returned immediately after the contract for these services is awarded. Identity of the client may be masked. The City of Portage shall treat the professional work sample as confidential and the document will be used for no other purpose than as an evaluation tool in selecting the firm to provide services for Portage.

1.18. Responsive Proposals

At a minimum, responsive proposals shall include the following:

1.18.1. A project information sheet in format provided in the Request for Proposal package.

1.18.2. A project concept statement.

1.18.3. A professional service work sample.

1.18.4. A proposal cost summary page in format provided in the Request for Proposal. Maximum consideration will be given to proposals quoted in the single not-to-exceed per project cost format.

Interested Firms are encouraged to provide any additional information not otherwise requested that may aid the responsible parties in award of this professional service contract. Unnecessarily elaborate responses beyond that sufficient to present a complete and effective response to the solicitation are not desired and may be construed as an indication of the offerer's lack of cost consciousness. Unless specifically requested in the solicitation, elaborate art work, corporate brochures, lengthy narratives, expensive paper, specialized binding, and other extraneous presentation materials are neither necessary nor desired.

1.19. Award Criteria

1.19.1. Favorable pricing will be one element of the selection process, but all of the following factors will be used in evaluating proposals received:

1.19.2. Responsiveness to Request for Proposal specifications.

1.19.3. Qualifications of Firm.

1.19.4. Qualifications and experience of the staff to be assigned to the project.

1.19.5. References.

1.19.6. Demonstrated capability to perform the type of work requested.

1.19.7. Understanding of project requirement including the estimated number of hours of work.

1.19.8. Scope of services to be provided.

1.19.9. Timeliness of services to be provided.

Evaluation of the above criteria shall be the responsibility of City of Portage. Regretfully, the number

and quality of proposals received may logistically prohibit the possibility of providing every Firm with the opportunity to make a formal presentation. Therefore, Firms are encouraged to take maximum advantage of representing the qualities of the Firm through its proposal presentation.

## 2. SCOPE OF THE WORK

### 2.1. Scope of the Work

Perform a financial audit of the annual financial report (CAFR) for each of the fiscal years ended June 30, 2016; June 30, 2017; and June 30, 2018.

### 2.2. Financial Audits

#### 2.2.1. Consolidated Annual Financial Report

The Firm shall audit all governmental fund types of the City in accordance with generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and, when applicable, the provisions of OMB Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. The audit shall result in the rendering of the Firm's opinion on the financial statements prepared by the City. The Firm's opinion shall be unqualified unless the Firm furnishes the City, on a timely basis, the reason for qualifying the opinion, disclaiming an opinion, or rendering an adverse opinion.

#### 2.2.2. Internal Controls

In connection with the audit of the financial statements, the Firm shall consider, test, and report on internal controls in accordance with Generally Accepted Auditing Standards (GAAS), Government Auditing Standards and, when applicable, OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

#### 2.2.3. Supplemental Schedules

The Firm shall apply procedures and report on the supplementary schedules included in the financial statements, including the analysis of funding progress for pension plans, and the schedule of federal assistance. The Firm is not required to apply procedures and report on statistical tables included in the CAFR.

### 2.3. Report Preparation

#### 2.3.1. Required Audited Statement Preparation

The City of Portage produces the CAFR in-house, including the audit opinion and other reports in the package. On occasion, the City has relied on the Firm to prepare the CAFR. Consequently, information regarding the Firm's ability to produce the City of Portage CAFR is requested, along with proposed cost for that service.

#### 2.3.2. Required Reports – based on the audit work performed, the Firm shall include the following reports, all of which shall be delivered both on hardcopy paper *and* word searchable PDF format:

- A. An opinion on the fair presentation of the general purpose financial statements and the combining individual fund and individual account group financial statements in conformity with generally accepted accounting principles. An opinion on the

supplementary schedules described in Section 2.2.3 above and a disclaimer statement related to the statistical schedules included in the CAFR will be included.

- B. A report on the internal control structure based on the Firm's consideration of the internal control structure in accordance with Government Auditing Standards. Communication of all reportable conditions (as defined by the AICPA) found during the audit shall be included in the report on internal controls. Further, the Firm will identify any material weaknesses in its report. The Firm will report other weaknesses in internal controls not meeting the definition of a reportable condition in a separate letter to management referred to in the report on internal controls.
- C. A report on the internal control structure used in administering federal assistance programs. Communication of all reportable conditions (as defined by the AICPA) affecting federal assistance programs shall be included in the report on internal controls. Further, the Firm will identify any material weaknesses in its report. Other weaknesses in internal controls not meeting the definition of a reportable condition shall be reported in a separate letter to management referred to in the report on internal controls.
- D. A report on compliance based on the audit of the general purpose statements performed in accordance with Government Auditing Standards. This report includes, but is not limited to, compliance with state laws and regulations. Communication of all instances of noncompliance that could have a material effect on the general purpose financial statements shall be included in the report on noncompliance. All other instances of noncompliance shall be reported in a separate letter to management referred to in the report on compliance.
- E. An opinion on compliance with specific requirements applicable to major federal assistance programs. Communication of all instances of noncompliance with the specific requirements for major federal assistance programs shall be included in the report on compliance or in the Schedule of Findings and Questioned Costs. If matters of noncompliance are disclosed in the Schedule of Findings and Questioned Costs, the Firm will reference the Schedule in the report on compliance.
- F. A report on compliance with the general requirements applicable to federal assistance programs. Communication of all instances of noncompliance with the general requirements shall be included in the report on compliance or in the Schedule of Findings and Questioned Costs. If matters of noncompliance are disclosed in the Schedule of Findings and Questioned Costs, the Firm will reference the Schedule in the report on compliance.
- G. A report on compliance with the requirements applicable to non-major federal assistance programs if non-major program transactions were selected during the audit. Communication of all instances of noncompliance with the requirements governing non-major program shall be included in the report on compliance or in the Schedule of Findings and Questioned Costs. If matters of noncompliance are disclosed in the Schedule of Findings and Questioned Costs, the Firm will reference the schedule in the report on compliance.
- H. A report disclosing the status of findings and recommendations from previous audits in accordance with Government Auditing Standards and the Specifications for Audits of Counties, Cities and Towns.
- I. A report summarizing compliance matters tested in accordance with the Uniform Financial Reporting Manual.

- J. A report on the application of agreed-upon procedures relative to the Comparative Report Transmittal Forms.
- K. The Firm will make an immediate, written report of all irregularities and illegal acts, or indications of illegal acts of which they become aware to the Director of Finance.

2.3.3. Other Assistance

City Finance Department staff will prepare necessary audit schedules as mutually agreed upon between the parties. City staff shall be available during the audit to assist the Firm by providing information and explanation.

If City Finance Department staff prepares the financial statements and the relevant support, this material will be made available to the Firm as a Microsoft Excel spreadsheet. The Firm will render the opinion, and other reports as required, and provide them to the City for inclusion in the CAFR. All reports will be produced by the Firm.

If the Firm is preparing the financial statements, all available supporting documentation will be provided to the Firm, and City Finance Department staff will be responsible for editing of the MD&A and notes to the financial statements, as applicable.

2.3.4. Consulting Accounting Services

The Firm shall provide guidance and assistance to City staff such that City staff shall be able to easily produce the draft CAFR for the year ending June 30, 2016, and thereafter. These services shall include, but are not limited to implementation assistance as may arise or become necessary as the engagement develops.

2.3.5. Preparation of Reports

The City will prepare draft financial statements that constitute the financial statements, supported by detail statements for each fund group. This material will be made available to the Firm as Microsoft Excel spreadsheet work papers. In addition, the City will provide drafts of the MD&A (applicable for the fiscal year ending June 30, 2016, and thereafter), notes to the financial statements and supplemental schedules. The Firm will render the opinion, and other reports as required, and provide them to the City for inclusion in the CAFR. All reports will be produced by the Firm.

2.3.6. Deadlines

- A. All schedules will be audited, approved and released no later than October 21<sup>st</sup> so the MD&A and other aspects of the CAFR can be finalized by December 1<sup>st</sup>.
- B. The audited financial statements will be released no later than December 9<sup>th</sup>.

**3. GENERAL PROFESSIONAL SERVICE REQUIREMENTS**

The following are general provisions that will apply to the project discussed. The successful firm will be asked to enter into a contract with the City of Portage that will include the general provisions.

3.1. Coordination of Work Required

Unless specifically identified as work to be provided by the City staff, the Firm shall furnish supervision and all labor, equipment, supplies, materials, and perform satisfactorily the professional

services at the frequencies and during the times as specified herein. The professional services shall include all functions normally considered a part of completing this work in a satisfactory manner. Compensation to cover any and all expenses shall be included in the proposed project cost.

3.2. Default

The City may, by written notice to the Firm, terminate the right to proceed as to the whole or any part of the contract if the Firm (1) fails to perform the services within the time specified or any extension thereof, (2) so fails to make progress as to endanger performance of the contract in accordance with its terms, or (3) fails to perform any other provisions of the contract. The Firm shall not be subject to this provision if failure to perform the contract arises out of any cause beyond its control and without any fault or negligence by the Firm.

3.3. Extra Work

During the period of this contract there may be occasions when extra services are required which are not a part of this contract. Should circumstances disclosed by the audit call for a more detailed investigation by the Firm than is necessary under ordinary circumstances, the Firm shall inform the Director of Finance in writing of the need for such additional investigation. The Firm shall indicate the hourly rate to be paid for extra work on Section 4.7 of the Project Information Sheet. Rates for any expense items related to extra work shall also be indicated on the Project Information Sheet (i.e., copy/duplication, telephone calls, lodging, mileage, etc.). The hourly rates provided shall be inclusive of all labor, overhead, and profit. Costs for services provided in these situations will be negotiated at the time of each occurrence and will be based on the rates quoted. Any such work must have written pre-approval of the City Contract Administrator. The City will not be responsible for additional invoices for work or materials that did not have written pre-approval.

3.4. Status of Firm

The Firm and its employees at all times shall be considered as independent contractors and not as City employees. In delivering services, the Firm shall exercise all supervisory control and general control over all day-to-day operations, including control over all workers' duties, payment of all wages to its employees, and the right to hire, fire, and discipline all employees. As an independent contractor, payment to the Firm under this contract shall not be subject to any withholding for tax, social security, or other purposes, nor shall the Firm or employees of the Firm be entitled to any City of Portage fringe benefit programs.

3.5. Employees of the Firm

The Firm shall at all times be responsible for the conduct and discipline of its employees and/or any subcontractor or persons employed by the Firm. All workers must have sufficient knowledge, skill, and experience to properly perform the work assigned to them. Any worker employed by the Firm, who in the opinion of the City Contract Administrator, does not perform work in a skilled manner, or acts in a disorderly or intemperate manner, or engages in sexual harassment or other forms of inappropriate behavior as defined by the City Contract Administrator, shall, at the written request of the City Contract Administrator, be removed immediately from the project and shall not be utilized again in any portion of the work without approval of the City Contract Administrator.

3.6. Laws and Municipal Ordinances

The Firm shall keep fully informed of all laws, municipal ordinances, and regulations in any manner affecting those engaged or employed in the work, or the equipment and materials used in the work, and all orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Firm shall at all times observe and comply with all such existing laws, codes, ordinances, regulations, orders, and decrees.

3.7. Drug Free Workplace

- 3.7.1. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.
- 3.7.2. The Firm agrees to (i) provide a drug-free workplace for the Firm's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Firm's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Firm that the Firm maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each sub-contractor or vendor.
- 3.7.3. For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a Firm in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana during the performance of the contract.
- 3.7.4. The Firm will include the provisions of the foregoing paragraphs in every subcontract or purchase order of over \$10,000 so that the provisions will be binding upon each subcontractor or vendor.

3.8. City Contract Administrator

The Finance Director, or his designated representative, shall be the City Contract Administrator. The City Contract Administrator will approve payments, oversee schedules, and generally be responsible for overseeing the execution of the contract.

3.9. Supervision by Firm

The Firm will supervise and direct the work of its employees. The Firm will be solely responsible for the means, methods, techniques, sequences, and procedures of the professional services performed. The Firm will appoint a Project Supervisor who shall have been designated in writing by the Firm at the time the Request for Proposal is submitted. The Project Supervisor shall have full authority to act on behalf of the Firm and all communications given to the Project Supervisor shall be as binding as if given to the Firm. The Project Supervisor shall be present to the extent necessary so as to perform adequate supervision and coordination of the work.

3.10. Billing and Payment

The Firm shall present an invoice in duplicate at the appropriate identified times, billing for services rendered. The billing shall be at the contracted price. The billing shall reference the appropriate purchase order number. The billing shall contain, if applicable, adjustments for additions, deletions, or changes in service. The City will strive to pay the billed amount within thirty (30) days after receipt of invoice, but the City will not pay any interest penalties for late payments.

Payments will be made on an on-going basis as work progresses with the exception of the final 10% of the agreed fee which will be released upon approval of the final report by the Director of Finance.

3.11. Assignability

The Firm agrees that the work proposed shall be accomplished by the Firm identified under Section 4.2 and any subcontractors identified under Section 4.9. The Firm agrees that any work under the contract to be assigned to another firm, and/or subcontractor shall be done only with the prior approval of the City Contract Administrator.

3.12. Copyright

The Firm shall irrevocably transfer, assign, set over, and convey to the City of Portage all rights, title, and interest, including the sole exclusive and complete copyright interest, in any and all copyrightable works created pursuant to the Contract. The Firm further agrees to execute such documents as the City of Portage may request to effect such transfer or assignment. Further, the Firm agrees that the rights granted to the City of Portage by this paragraph are irrevocable. The Firm's remedy in the event of termination of or dispute over any agreement entered into as a result of this solicitation shall not include any right to rescind, terminate, or otherwise revoke or invalidate in any way the rights conferred pursuant to the provisions of this paragraph. Similarly, no termination of any agreement entered into as a result of this solicitation shall have the effect of rescinding, terminating, or otherwise invalidating the rights acquired pursuant to the provisions of this paragraph.

3.13. Contract Renewal

The City and the Firm may agree at the close of the initial three year contract to renew the engagement contract for three additional terms of one year each with any fee modification as may be mutually agreed to reflect additional scope of work, other changed circumstances or regulatory requirements. One additional renewal may be exercised thereafter under the same terms. Renewals of the contract shall be documented in a letter of agreement signed by both the City and the Firm.

3.14. Retention of Working Papers

The Firm hereby agrees to retain all books, records and other working papers relative to this contract for five (5) years after final payment. The City, its authorized agents, and/or state and federal Firms shall full have full access to and the right to examine any of said material during said period.

**4. CITY OF PORTAGE PROJECT INFORMATION SHEET  
AUDITING SERVICES**

If adequate space is not provided for complete response, please attach additional pages as necessary and identify by number. Proposals will not be considered responsive unless all requests for information are provided. Please use such terms as none, not applicable, unknown, etc., if requested information does not pertain or cannot be provided.

4.1 Please indicate the response that best describes your business:

\_\_\_\_ Sole Proprietor    \_\_\_\_ Partnership    \_\_\_\_ Corporation

\_\_\_\_ Other (please explain) \_\_\_\_\_

4.2 Firm Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax: \_\_\_\_\_

First Date in Business: \_\_\_\_\_

4.3 Is your Firm involved in any proceedings that may affect the ability of the Firm to continue under the current Firm name for the duration of the project?

\_\_\_\_ Yes    \_\_\_\_ No

If yes, please explain (use additional Page)

4.4 Primary staff to be assigned to the project:

Principle/Partner \_\_\_\_\_

Project Supervisor \_\_\_\_\_

Principal Professional(s) (please list)

\_\_\_\_\_  
\_\_\_\_\_

Other Significant Technicians and Employees to be Assigned: (please list)

\_\_\_\_\_  
\_\_\_\_\_

Please provide resume for Project Supervisor and principal professionals to be assigned at time of proposal submission for personnel listed above.

4.5 Estimated project hours of work reflected in the lump sum proposal are as follows:

	CAFR AUDIT	A-133 SINGLE AUDIT
Owner/Partner:	_____hrs.	_____hrs.
Professionals:	_____hrs.	_____hrs.
Technicians:	_____hrs.	_____hrs.
Clericals:	_____hrs.	_____hrs.
Others (Please Identify)		
_____	_____hrs.	_____hrs.
_____	_____hrs.	_____hrs.

4.6 Experience/References: Please indicate below the experience of the individuals listed in Item 4.4 from your Firm pertaining to the specific type of work listed. Please restrict projects listed to those projects performed by the individuals identified for the Portage project. Under the Self-Evaluation Section, please rate how you believe the contact person in charge of the project would rate services if they were contacted by the City of Portage and asked to rate overall satisfaction with the services provided by your Firm. Please restrict your Self-Evaluation responses to the terms Excellent, Good, Satisfactory, and Unsatisfactory.

Please list references that you feel are most comparable to the specific scope of work being requested (i.e. the three audit areas). If you wish to provide more than six references, use additional pages. We would like to have at least one reference for each project supervisor being proposed.

	Reference A	Reference B	Reference C
Name of Unit/Company			
Brief Project Description			
Project Contact Person			
Telephone (of Contact Person)			
Audit Cost			
Personnel Assigned from your Firm (from Section 4.4)			
Self Evaluation			

	Reference D	Reference E	Reference F
Name of Unit/Company			
Brief Project Description			
Project Contact Person			
Telephone (of Contact Person)			
Audit Cost			
Personnel Assigned from your Firm (from Section 4.4)			
Self Evaluation			

4.6.1 You are also welcome to list any other professional service projects that you feel may indicate the ability of your firm to perform the work requested {use additional page(s) if necessary}.

4.7 If it becomes necessary to perform extra work as defined in Section 3.3, the following hourly rates will apply:

4.7.1 Owner/Partner: \$\_\_\_\_\_ /hour

4.7.2 Professionals: \$\_\_\_\_\_ /hour

4.7.3 Technicians: \$\_\_\_\_\_ /hour

4.7.4 Clericals: \$\_\_\_\_\_ /hour

4.7.5 Others (Please Identify) \_\_\_\_\_ \$\_\_\_\_\_ /hour

\_\_\_\_\_ \$\_\_\_\_\_ /hour

Rates quoted should be inclusive of all expenses including, but not limited to personnel services, fringe benefits, overhead, and profit required by the Firm.

4.8 Please list any expense rates that may apply to extra work. If no expense rates are indicated, no expenses will be allowed. Expenses and Charge Back Rates:

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4.9 Subcontractors

4.9.1 Do you propose to use any subcontractors to perform work in accordance with this proposal?

Yes  No. (If yes, please identify subcontractor and work to be performed).

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4.10 A Project Information Sheet, a Project Concept Statement, a Representative Work Sample, your most recent peer review, and the Request for Proposal Cost Page are required for submission as a part of these specifications. Have all items been included with your proposal?

Yes  No If answer is no, please explain.

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4.11 Certifications

4.11.1 Is your firm independent of the City of Portage, as that term is defined in the Ethical Rules of the AICPA?  Yes  No

4.11.2 Are your firm and partners assigned to the engagement licensed to perform the audit as provided by the applicable laws of the State of Michigan?  Yes  No

4.11.3 Has your firm met the peer review standards of the AICPA and Governing Auditing Standards?  Yes  No

4.11.4 Has Staff assigned to this audit met the continuing education requirements required by Government Auditing Standards issued by the Comptroller General of the United States?  Yes  No.

4.12 Official Statement Review

The City publishes Official Statements that contain the CAFR in connection with bond issues. Do you require that the Firm review, or otherwise edit or certify, the updated CAFR as presented in the Official Statement used for bond issues in order to provide an affirmative response, but not an opinion, to the City's Financial Advisor?  Yes  No.

If yes, provide a fee schedule that lists the fee for the first Official Statement of the year, and the fee for any subsequent Official Statements issued during the same fiscal year. If no fee schedule is provided, no additional fee will be permitted.

4.13 The award of the contract for professional services is based upon the draft contract form attached. Is this document, as proposed, acceptable to you if you were to be awarded the project?  
 Yes  No.

If no, please explain in detail and provide language for any provisions that would need to be changed, added, or deleted. (Use additional page(s) if necessary.)

4.14 Section 1.11 establishes a tentative timeline for this project. Can your Firm implement the audit and other services fully and professionally within the timeline outlined?  Yes  No.

If no, please explain why the timeline cannot be met and provide a timeline below that addresses the major landmarks addressed in 1.11 {use additional Page(s) if necessary}.

I certify that all information provided above is complete, accurate, and to the best of my knowledge, true. I further certify that I am fully authorized by the Firm identified in Question 4.2 above to execute this information sheet on behalf of that Firm.

I hereby state that I have read, understand, and agree to be bound by all terms of this Request for Proposal Document.

FIRM: \_\_\_\_\_

BY: \_\_\_\_\_  
(Signature)

NAME: \_\_\_\_\_  
(Please Print)

POSITION: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_

**5 CITY OF PORTAGE REQUEST FOR PROPOSALS  
AUDIT SERVICES  
COST SUMMARY**

I the undersigned, certify that I have read and fully understand all of the specifications supplied by the City of Portage in this Request for Proposals.

ALL EXCEPTIONS TAKEN TO SPECIFICATIONS SUPPLIED BY THE CITY OF PORTAGE ARE ATTACHED AND IDENTIFIED BY NUMERICAL REFERENCE TO THE REQUEST FOR PROPOSAL SECTION ON A PLAIN SHEET IMMEDIATELY FOLLOWING THE PROPOSAL PAGE.

I propose to provide professional services as specified in the Request for Proposals, except as outlined on the attached sheet entitled "Exception to Specification", for the total sum of:

Fiscal Year Ending	Fiscal Year Audit	A-133 Single Audit Rule	Official Statement Review Fee (First)	Official Statement Review Fee (Additional)	CAFR Preparation (If Requested)
6/30/16	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
6/30/17	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
6/30/18	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

If you cannot submit a proposal in the format requested, please attach a schedule of total compensation that will cover any and all expenses and services related to infrastructure appraisal service.

I hereby state that I have the authority to submit this proposal which will become a binding contract if accepted by the City of Portage. I further state that I have not communicated with nor otherwise colluded with any other person or Firm, nor have I made any agreement with nor offered or accepted anything of value from an Official or employee of the City of Portage that would tend to destroy or hinder free competition. I further state that I am independent of the City of Portage, as that term is defined in the Ethical Rules of the AICPA.

I hereby state that I have read, understand, and agree to be bound by all terms of this Request for Proposal Document.

Signed: \_\_\_\_\_ Name: \_\_\_\_\_

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

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

Address: \_\_\_\_\_

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

E-Mail: \_\_\_\_\_

## *DRAFT CONTRACT AGREEMENT*

Following is a “*draft copy*” of the contract that will be executed by the City and the Firm for the completion of this project.

**AGREEMENT BETWEEN CITY OF PORTAGE AND THE FIRM**

**AGREEMENT**

made as of the \_\_\_\_\_ day of \_\_\_\_\_ in the year of 20\_\_\_\_,

**BETWEEN** the City of Portage, 7900 South Westnedge Avenue, Portage, Michigan, hereinafter referred to as the “City”

and \_\_\_\_\_, hereinafter referred to as the “Firm”, :

For the City of Portage project in accordance with the Request for Proposal opening dated \_\_\_\_\_ and the proposal submitted by the Firm dated \_\_\_\_\_ which by reference are incorporated into this contract as part of this binding Agreement.

**ARTICLE 1 -- RESPONSIBILITIES OF THE FIRM**

**1 SERVICES OF THE FIRM**

- 1.1 The services of the Firm consist of those services performed by the Firm, its employees and subcontractors as enumerated in Articles 2 and 3 of this agreement.
- 1.2 The services of the Firm shall be performed as expeditiously as is consistent with professional skill and care and the orderly progress of the Work. Upon request of the City, the Firm shall submit for the approval by the City, a schedule for the performance of the services of the Firm which may be adjusted as the Project proceeds, and shall include allowances for periods of time required for the review and approval of the City of submissions by authorities having jurisdiction over the Project. Time limits established by this schedule approved by the City shall not, except for reasonable cause, be exceeded by the Firm or the City. It is understood and agreed that TIME IS OF THE ESSENCE in respect to the work contemplated hereunder, and the Firm agrees to do the work covered by the contract in conformity with the provisions set forth herein and to prosecute all work with all due diligence so as to complete any work required under the contract within the shortest reasonable period of time.
- 1.3 The Firm agrees to a timetable for the project as follows:

1.3.1	<u>Date</u>	<u>Task</u>
	October 21, 2016	Schedules Finalized
	December 9, 2016	Final Report

## **ARTICLE 2 -- BASIC SERVICES OF THE FIRM**

### **2 BASIC SERVICES**

#### **2.1 Definitions**

- 2.1.1 The Basic Services of the Firm consist of those described in Section 2.2.
- 2.1.2 If the Firm believes a deadline established by this contract will not be met, the Firm shall inform the City Contract Administrator as soon as the Firm becomes aware of such delay.
- 2.1.3 During all phases required under this contract, the Firm shall attend conferences as scheduled by the City. The Firm shall at reasonable times be available for all required project interpretations and shall promptly advise the City of conflicts in the specifications.

#### **2.2 SCOPE OF SERVICES**

- 2.2.1 The successful Firm shall be required to accomplish those services outlined below.

- 2.2.2 Scope of the Work

Perform a financial audit of the annual financial report (CAFR) for each of the fiscal years ended June 30, 2016; June 30, 2017; June 30, 2018, June 30, 2019 and June 30, 2020. Prepare CAFR, if requested.

- 2.2.3 Financial Audits

- 2.2.3.1 Consolidated Annual Financial Report

The Firm shall audit all governmental fund types of the City in accordance with generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and, when applicable, the provisions of OMB Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. The audit shall result in the rendering of the Firm's opinion on the financial statements prepared by the City. The Firm's opinion shall be unqualified unless the Firm furnishes the City, on a timely basis, the reason for qualifying the opinion, disclaiming an opinion, or rendering an adverse opinion.

- 2.2.3.2 Internal Controls

In connection with the audit of the financial statements, the Firm shall consider, test, and report on internal controls in accordance with Generally Accepted Auditing Standards (GAAS), Government Auditing Standards, and, when applicable, OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

- 2.2.3.3 Supplemental Schedules

The Firm shall apply procedures and report on the supplementary schedules included in the financial statements, including the analysis of funding progress for pension plans, and the schedule of federal assistance. The Firm is not required to apply procedures and report on statistical tables included in the CAFR.

2.2.4 Report Preparation

2.2.4.1 Required Audited Statement Preparation

The City of Portage produces the CAFR in-house, and includes the audit opinion and other reports in the package. The City of Portage has traditionally produced the CAFR in-house, including the audit opinion and other reports in the package. On occasion, the City may rely on the Firm to prepare the CAFR.

2.2.4.2 Required Reports – based on the audit work performed, the Firm shall include the following reports, all of which shall be delivered both on hardcopy paper *and* word searchable PDF format:

- A. An opinion on the fair presentation of the general purpose financial statements and the combining individual fund and individual account group financial statements in conformity with generally accepted accounting principles. An opinion on the supplementary schedules described in Section 2.2.3 above and a disclaimer statement related to the statistical schedules included in the CAFR will be included.
- B. A report on the internal control structure based on the Firm's consideration of the internal control structure in accordance with Government Auditing Standards. Communication of all reportable conditions (as defined by the AICPA) found during the audit shall be included in the report on internal controls. Further, the Firm will identify any material weaknesses in his report. The Firm will report other weaknesses in internal controls not meeting the definition of a reportable condition in a separate letter to management referred to in the report on internal controls.
- C. A report on the internal control structure used in administering federal assistance programs. Communication of all reportable conditions (as defined by the AICPA) affecting federal assistance programs shall be included in the report on internal controls. Further, the Firm will identify any material weaknesses in its report. Other weaknesses in internal controls not meeting the definition of a reportable condition shall be reported in a separate letter to management referred to in the report on internal controls.
- D. A report on compliance based on the audit of the general purpose statements performed in accordance with Government Auditing Standards. This report includes, but is not limited to, compliance with state laws and regulations. Communication of all instances of noncompliance that could have a material effect on the general purpose financial statements shall be included in the report on noncompliance. All other instances of noncompliance shall be reported in a separate letter to management referred to in the report on compliance.
- E. An opinion on compliance with specific requirements applicable to major federal assistance programs. Communication of all instances of noncompliance with the specific requirements for major federal assistance programs shall be included in the report on compliance or in the Schedule of Findings and Questioned Costs. If matters of noncompliance are disclosed in the Schedule of Findings and Questioned Costs, the Firm will

reference the Schedule in the report on compliance.

- F. A report on compliance with the general requirements applicable to federal assistance programs. Communication of all instances of noncompliance with the general requirements shall be included in the report on compliance or in the Schedule of Findings and Questioned Costs. If matters of noncompliance are disclosed in the Schedule of Findings and Questioned Costs, the Firm will reference the Schedule in the report on compliance.
- G. A report on compliance with the requirements applicable to non-major federal assistance programs if non-major program transactions were selected during the audit. Communication of all instances of noncompliance with the requirements governing non-major program shall be included in the report on compliance or in the Schedule of Findings and Questioned Costs. If matters of noncompliance are disclosed in the Schedule of Findings and Questioned Costs, the Firm will reference the schedule in the report on compliance.
- H. A report disclosing the status of findings and recommendations from previous audits in accordance with Government Auditing Standards and the Specifications for Audits of Counties, Cities and Towns.
- I. A report summarizing compliance matters tested in accordance with the Uniform Financial Reporting Manual.
- J. A report on the application of agreed-upon procedures relative to the Comparative Report Transmittal Forms.
- K. The Firm will make an immediate, written report of all irregularities and illegal acts, or indications of illegal acts of which they become aware to the Director of Finance.

#### 2.2.4.3 Other Assistance

City Finance Department staff will prepare necessary audit schedules as mutually agreed upon between the parties. City staff shall be available during the audit to assist the Firm by providing information and explanation.

If City Finance Department staff prepares the financial statements and the relevant support, this material will be made available to the Firm as a Microsoft spreadsheet. The Firm will render the opinion, and other reports as required, and provide them to the City for inclusion in the CAFR. All reports will be produced by the Firm.

If the Firm is preparing the financial statements, all available supporting documentation will be provided to the Firm, and City Finance Department staff will be responsible for editing of the MD&A and notes to the financial statements, as applicable.

#### 2.2.4.4 Consulting Accounting Services

The Firm shall provide guidance and assistance to City staff such that City staff shall be able to easily produce the draft CAFR for the year ending June 30, 2016, and thereafter. These services shall include, but are not limited to implementation

assistance as may arise or become necessary as the engagement develops.

#### 2.2.4.5 Preparation of Reports

The City will prepare draft financial statements that constitute the financial statements, supported by detail statements for each fund group. This material will be made available to the Firm as Microsoft Excel spreadsheet work papers. In addition, the City will provide drafts of the MD&A (applicable for the fiscal year ending June 30, 2016, and thereafter), notes to the financial statements and supplemental schedules. The Firm will render the opinion, and other reports as required, and provide them to the City for inclusion in the CAFR. All reports will be produced by the Firm.

#### 2.2.4.6 Deadlines

- A. All schedules will be audited, approved and released no later than October 21<sup>st</sup> so the MD&A and other aspects of the CAFR can be finalized by December 1<sup>st</sup>.
- B. The audited financial statements will be released no later than December 9<sup>th</sup>.

### **ARTICLE 3 – GENERAL PROFESSIONAL SERVICE REQUIREMENTS**

#### 3 **PROJECT REQUIREMENT**

##### 3.1 **Coordination of Work Required**

Unless specifically identified as work to be provided by the City staff, the Firm shall furnish supervision and all labor, equipment, supplies, materials, and perform satisfactorily the professional services at the frequencies and during the times as specified herein. The professional services shall include all functions normally considered a part of completing this work in a satisfactory manner. Compensation to cover any and all work and expenses represented in Articles 2 and 3 shall be included in the proposed project cost as represented in Article 8, Section 8.1.

##### 3.2 **Extra Work**

During the period of this contract there may be occasions when extra services are required which are not a part of this contract. The Firm shall be paid for extra work as represented in Sections 8.2. and 8.3. The hourly rates provided shall be inclusive of all labor, overhead, and profit. Costs for services provided in these situations will be negotiated at the time of each occurrence and will be based on the rates quoted. Any such work must have written pre-approval of the City Contract Administrator. The City will not be responsible for additional invoices for work or materials that did not have written pre-approval.

##### 3.3 **Status of Firm**

The Firm and its employees at all times shall be considered as independent contractors and not as City employees. In delivering services, the Firm shall exercise all supervisory control and general control over all day-to-day operations, including control over all workers' duties, payment of all wages to its employees, and the right to hire, fire, and discipline all employees. As an independent contractor, payment to the Firm under this contract shall not be subject to any withholding for tax, social security, or other purposes, nor shall the Firm or employees of the Firm be entitled to any City of Portage fringe benefit programs.

**3.4 Employees of the Firm**

The Firm shall at all times be responsible for the conduct and discipline of its employees and/or any subcontractor or persons employed by the Firm. All workers must have sufficient knowledge, skill, and experience to properly perform the work assigned to them. Any worker employed by the Firm, who in the opinion of the City Contract Administrator, does not perform work in a skilled manner, or acts in a disorderly or intemperate manner, or engages in sexual harassment or other forms of inappropriate behavior as defined by the City Contract Administrator, shall, at the written request of the City Contract Administrator, be removed immediately from the project and shall not be utilized again in any portion of the work without approval of the City Contract Administrator.

**3.5 Laws and Municipal Ordinances**

The Firm shall keep fully informed of all laws, municipal ordinances, and regulations in any manner affecting those engaged or employed in the work, or the equipment and materials used in the work, and all orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Firm shall at all times observe and comply with all such existing laws, codes, ordinances, regulations, orders, and decrees.

**3.6 Drug Free Workplace**

3.6.1 Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

3.6.2 The Firm agrees to (i) provide a drug-free workplace for the Firm's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Firm's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Firm that the Firm maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each sub-contractor or vendor.

3.6.3 For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a Firm in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana during the performance of the contract.

3.6.4 The Firm will include the provisions of the foregoing paragraphs in every subcontract or purchase order of over \$10,000 so that the provisions will be binding upon each subcontractor or vendor.

**3.7 City Contract Administrator**

The Finance Director, or his designated representative, shall be the City Contract Administrator. The City Contract Administrator will approve payments, oversee schedules, and generally be responsible for overseeing the execution of the contract.

**3.8 Supervision by Firm**

The Firm will supervise and direct the work of its employees. The Firm will be solely responsible for the means, methods, techniques, sequences, and procedures of the professional services performed. The Firm will appoint a Project Supervisor who shall have been designated in writing by the Firm at the time the Request for Proposal is submitted. The Project Supervisor shall have full authority to act on behalf of the Firm and all communications given to the Project Supervisor shall be as binding as if given to the

Firm. The Project Supervisor shall be present to the extent necessary so as to perform adequate supervision and coordination of the work.

**3.9 Contract Renewal**

The City and the Firm may agree at the close of the initial three year contract to renew the engagement contract for two additional terms of one year each with any fee modification as may be mutually agreed to reflect additional cope of work, other changed circumstances or regulatory requirements. One additional renewal may be exercised thereafter under the same terms. Renewals of the contract shall be documented in a letter of agreement signed by both the City and the Firm.

**3.10 Retention of Working Papers**

The Firm hereby agrees to retain all books, records and other working papers relative to this contract for five (5) years after final payment. The City, its authorized agents, and/or state and federal Firms shall have full access to and the right to examine any of said material during said period.

**ARTICLE 4 -- RESPONSIBILITIES OF THE CITY**

**4 RESPONSIBILITIES OF THE CITY**

4.1 The City shall provide available information regarding requirements for the Project to the Firm. This will include making available any City of Portage employees necessary for the conduct of the audit.

4.2 The City shall designate a Contract Administrator authorized to act on behalf of the City with respect to the Project. The City or such authorized representative shall render decisions in a timely manner pertaining to issues submitted by the Firm in order to avoid unreasonable delay in the orderly and sequential progress of services of the Firm.

4.3 Prompt written notice shall be given by the City to the Firm if the City becomes aware of any fault or defect in the Project or nonconformance with the Contract Documents.

**ARTICLE 5 -- ARBITRATION**

**5 ARBITRATION**

5.1 Claims, disputes or other matters in question between the parties to this Agreement arising out of or relating to this Agreement or breach thereof shall be subject to and decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association currently in effect unless the parties mutually agree otherwise.

5.2 Demand for arbitration shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. A demand for arbitration shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statutes of limitations.

5.3 No arbitration arising out of or relating to this Agreement shall include, by consolidation, joinder or in any other manner any additional person or entity not a party to this Agreement, except by written consent containing a specific reference to this Agreement signed by the City, Firm, and any other person or entity sought to be joined. Consent to arbitration involving an additional person or entity shall not constitute consent to arbitration of any claim, dispute or other matter in question not described in the written consent or with a person or entity not named or described herein. The foregoing agreement to arbitrate and other agreements to arbitrate with an additional person or entity duly consented to by the parties to

this Agreement shall be specifically enforceable in accordance with applicable law in any court having jurisdiction thereof.

- 5.4 The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. The arbitration panel will have no authority to award non-monetary or equitable relief.

#### **ARTICLE 6 -- TERMINATION, SUSPENSION OR ABANDONMENT**

#### **6 TERMINATION, SUSPENSION OR ABANDONMENT**

- 6.1 This Agreement may be terminated by either party upon not less than seven days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.
- 6.2 The City may, by written notice to the Firm, terminate the right to proceed as to the whole or any part of the contract if the Firm (1) fails to perform the services within the time specified or any extension thereof, (2) so fails to make progress as to endanger performance of the contract in accordance with its terms, or (3) fails to perform any other provisions of the contract. The Firm shall not be subject to this provision if failure to perform the contract arises out of any cause beyond its control and without any fault or negligence by the Firm or subcontractors.
- 6.3 In the event of termination not the fault of the Firm, the Firm shall be compensated for services performed prior to termination. The amount of compensation shall be a proper subject of Article 5.
- 6.4 Termination not the fault of the Firm shall not give rise to any claim against City for damages or for compensation in addition to that provided under this section. Such payment so made to Firm shall be in full settlement for services rendered under and pursuant to this agreement. In the event of termination by either party, all finished or unfinished documents, data studies and reports prepared by Firm under and pursuant to this agreement for which the Firm has been compensated shall, at the option of the City, be available to be used by the City.

#### **ARTICLE 7 -- MISCELLANEOUS PROVISIONS**

#### **7 MISCELLANEOUS PROVISIONS**

- 7.1 This agreement shall be governed by the law of the State of Michigan.
- 7.2 The City and the Firm, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither the City nor the Firm shall assign this Agreement without the written consent of the other.
- 7.3 This Agreement represents the entire and integrated agreement between the City and the Firm and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both the City and the Firm.
- 7.4 Nothing contained in this Agreement shall create a contractual relationship with or be a cause of action in favor of a third party against either the City or the Firm.

- 7.5 **ATTORNEY FEES** In the event that any actions filed in any court as a result of the breach of this agreement by the Firm, in addition to all the sums that the Firm may be called upon to pay for said breach, it is also responsible for all the actual attorney fees and costs of the City in pursuing the litigation.
- 7.6 **NON-DISCRIMINATION** The Firm agrees to comply with the Federal Civil Rights Act of 1964 as amended; the Federal Civil Rights Act of 1991 as amended; the Americans with Disabilities Act of 1990 as amended; the Elliott-Larsen Civil Rights Act, Article 2, Act No. 453, Public Act of 1976 as amended; the Michigan Handicapper's Civil Rights Act, Article 2, Act No. 220; Public Act of 1976, as amended and all other applicable Federal, State and Local laws and regulations. Specifically, the Firm is required not to discriminate against any employee or applicant for employment with respect to such person's hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment because of such person's race, color, religion, national origin, ancestry, age, sex or disability, as defined by law..
- 7.7 **AGREEMENT VALIDITY** The invalidity of any portion of this agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this agreement is held to be invalid, the parties agree that the remaining provision shall be deemed to be in full force and effect as if it had been executed by both parties subsequent to the expungement of the invalid provision.
- 7.8 **AVAILABILITY OF DATA** The City will make available all data and records necessary in the search for cost and historical background. The City will identify all equipment not owned by the City in advance of the field inventory examination. A list of assets on loan, or off-site for repair will be furnished to the Firm.
- 7.9 **ADVISORY SERVICE** The Firm will maintain copies of the final reports, together with all field notes and working papers in their files for a period of five years from the date of the audit. Should the need arise, these documents will be made available to the City. The firm will provide reasonable communication to successor firms consistent with professional standards.
- 7.10 **INVOICES** The firm will invoice the City for professional services rendered during the progress of the work. Progress invoices, up to 90% of the total fee, will be issued as work is completed and the balance, 10%, will be invoiced with delivery of the final report and acceptance by the City contract administrator. All invoices are due within 30 days of receipt.
- 7.11 **ACCURACY OF PROVIDED DATA** The Firm shall provide guidance to the City in determining the data required for purposes of executing the tasks of this agreement. The City agrees to provide all data requested, including documentation and information to the Firm in a timely manner. The Firm shall assume, without incurring liability therefore, that all such data, documentation, and information provided by the City is accurate and complete.
- 7.12 **ADDITIONAL WORK.** Should circumstances disclosed by the audit calls for a more detailed investigation than is necessary under ordinary circumstances, the Firm shall inform the City contract administrator in writing of the need for such additional investigation and the additional compensation required to complete the investigation
- 7.13 **TRANSFER OF INTEREST** The parties hereby agree that the Firm may assign, convey or transfer its interest in this Agreement to an affiliate company or its parent company that succeeds to substantially all of the business of the Firm.

**ARTICLE 8 -- BASIS OF COMPENSATION**

**8 THE CITY SHALL COMPENSATE THE FIRM AS FOLLOWS**

8.1 **FOR BASIC SERVICES**, as described in Article 2 and Article 3, the City of Portage Request for proposal Document, and the proposal of the Firm dated March 24, 2016. Total Compensation shall be:

Fiscal Year Ending	Fiscal Year Audit	A-133 Single Audit Rule	Official Statement Review Fee (First)	Official Statement Review Fee (Additional)	CAFR Preparation (If requested)
6/30/16	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
6/30/17	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
6/30/18	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

**8.2 Fee for Extra Work**

8.2.1 If it becomes necessary to perform extra work as defined in Article 3.2, the following hourly rates will apply:

- 8.2.1.1 Principle/Partner \$ \_\_\_\_\_/hour
- 8.2.1.2 Professionals \$ \_\_\_\_\_/hour
- 8.2.1.3 Technicians \$ \_\_\_\_\_/hour
- 8.2.1.4 Clericals \$ \_\_\_\_\_/hour

8.2.2 Rates quoted above are inclusive of all expenses, including but not limited to personnel services, fringe benefits, overhead, and profit required by the Firm.

**8.3 Billing and Payment**

The Firm shall present an invoice in duplicate following submittal of the final report billing for services rendered. The billing shall be at the contracted price. The billing shall reference the appropriate purchase order number. The billing shall contain, if applicable, adjustments for additions, deletions, or changes in service. The City will strive to pay the billed amount within thirty (30) days after receipt of invoice, but the City will not pay any interest penalties for late payments.

**8.4 Assignability**

The Firm agrees that the work proposed shall be accomplished by the Firm and any subcontractors identified under Section 4.8 of the Project Information Sheet. The Firm agrees that any work under the contract to be assigned to another firm, and/or subcontractor shall be done only with the prior written approval of the City Contract Administrator.

**ARTICLE 9 – INDEMNITY AND INSURANCE**

**9 INDEMNITY AND INSURANCE**

9.1 The Firm shall defend, indemnify and hold harmless the City of Portage, its employees, elected officials, departments, agents, boards, commissions, City Council Members, and volunteers against and from all claims, judgments, losses, damages, demands, payments, recoveries, legal proceedings, orders, and

decrees of every nature and description arising out of, or resulting from performance or non-performance of the work of the Firm as specified. The successful Firm agrees to provide insurance as outlined below:

- 9.2 The firm, or any of its subcontractors, shall not commence work under this contract until it has obtained the insurance required under this section, and shall keep such insurance in force during the entire life of this contract. All coverage shall be with insurance companies licensed and admitted to do business in the State of Michigan and acceptable to the City of Portage. The requirements below should not be interpreted to limit the liability of the Firm. All deductibles and SIR's are the responsibility of the Firm.

The Firm shall provide the City of Portage, at the time that contracts are return by the firm for execution, a Certificate of Insurance as well as the required endorsements. In lieu of required endorsements, if applicable, a copy of the policy sections where coverage is provided for additional insured and cancellation notice should be acceptable. Copies or certified copies of all policies mentioned shall be furnished, if so requested.

If any of the coverages expire during the term of the contract, the Firm shall deliver renewal certificates and endorsements to the City of Portage at least ten days prior to the expiration date.

Worker's Compensation Insurance - Covering all persons engaged in work under this contract to the full statutory limits stipulated in the Michigan Worker's Compensation Act.

Comprehensive General Liability Insurance:

Bodily Injury - at least \$1,000,000/occurrence  
Property Damage - at least \$1,000,000/occurrence  
Personal Injury - at least \$1,000,000/occurrence

Professional Liability Coverage (errors and omissions) covering an actual or alleged error, statement, act, omission, neglect or breach of official duty, including misfeasance, malfeasance, and non-feasance - at least \$1,000,000/occurrence.

If an "occurrence" policy is unavailable for the professional liability coverage, please include a statement from your insurance agent or broker indicating non-availability of the occurrence form. Under these circumstances, a "claims made" form will be considered if written in the requested amount.

Motor Vehicle Liability Insurance:

Bodily Injury - at least \$1,000,000/occurrence  
Property Damage - at least \$1,000,000/occurrence  
Personal Injury - at least \$1,000,000/occurrence

Additional Insured: Comprehensive General Liability and Motor Vehicle Liability Insurance shall include an endorsement stating the following shall be additional insured: The City of Portage, including all elected and appointed officials, all employees and volunteers, all boards, commissions, and/or authorities and board members, including their employees and volunteers thereof. It is understood and agreed by naming the City of Portage as additional insured, coverage afforded is considered to be primary and any other insurance the City of Portage may have in effect shall be considered secondary and/or excess. A policy endorsement shall be provided.

Cancellation Notice: All policies, as described above, shall include an endorsement stating it is understood and agreed that thirty (30) days Advanced Written Notice of Cancellation, Non-Renewal, Reduction, and/or Material Change of the policy, and Ten (10) days written notice for non-payment of premium, shall be sent to the City of Portage Purchasing Manager, 7900 S. Westnedge Avenue,

Portage, MI 49002. A policy endorsement shall be provided.

It shall be the responsibility of the Firm to ensure that each subcontractor utilized by the Firm (if any) provides evidence that each subcontractor carries insurance in like amounts, prior to the time such subcontractor proceeds to perform under the contract.

This Agreement entered into as of the day and year first written above.

CITY OF PORTAGE

FIRM

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(signature)

Laurence Shaffer, City Manager

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Name and Title

Approved as to form:

\_\_\_\_\_  
Randall Brown  
Portage City Attorney

INSTRUCTIONS FOR EXECUTING CONTRACT WITH CITY OF PORTAGE

**A. If the contractor is a corporation, the following certificate must be executed:**

I, \_\_\_\_\_, certify that I am the Secretary of  
print or type name  
the corporate entity named as Contractor in the contract and that such corporate entity is a  
corporation in good standing in the State of \_\_\_\_\_ and has authority  
print or type name of state  
to transact business in the State of Michigan. [If the corporation is not a Michigan corporation, then  
a "Certificate of Authority to Transact Business in the State of Michigan" must be attached.] I  
certify that the contract between the City of Portage and \_\_\_\_\_, Inc.  
print or type name of corporation  
was validly executed on behalf of the corporation by \_\_\_\_\_  
print or type name  
who was then the \_\_\_\_\_ of said corporation and has the  
print or type name of title  
authority to bind the corporation to the contractual agreements pursuant to the authority of its  
governing body and by-laws and is within the scope of its corporate powers.

\_\_\_\_\_  
Print or type name of corporation

Dated: \_\_\_\_\_, 20\_\_\_\_ By: \_\_\_\_\_  
Its: \_\_\_\_\_

**B. If contractor is an LLC, the following certificate must be executed:**

I, \_\_\_\_\_, certify that I am a member of the  
print or type name  
limited liability company named as Contractor in the contract and that such LLC is in good standing  
in the State of \_\_\_\_\_ and that the LLC has the  
print or type name of state  
authority to transact business in the State of Michigan. I certify that the contract between the City of  
Portage and \_\_\_\_\_ LLC was validly executed on behalf  
print or type name of LLC  
of the LLC by \_\_\_\_\_ who was then a member of said  
print or type name  
LLC and has the authority to bind the LLC to contractual agreements and that such contract is  
within the scope of its powers.

\_\_\_\_\_  
Print or type name of LLC

Dated: \_\_\_\_\_, 20\_\_\_\_ By: \_\_\_\_\_  
Its: \_\_\_\_\_

**C. If the contractor is a sole proprietorship/partnership, the following certificate must be executed:**

I, \_\_\_\_\_, certify that I am the  
owner/partner of the company named as Contractor in the contract and that I have the authority to  
bind \_\_\_\_\_, to contractual  
agreements.

\_\_\_\_\_  
Print or type name of company/DBA

Dated: \_\_\_\_\_, 20\_\_\_\_ By: \_\_\_\_\_  
Its: \_\_\_\_\_

Notes to Certificate:

1. The full name and business address of the Contractor must be inserted in the contract and the contract must be signed with his/her official signature. The name of the signing party or parties are to be typewritten or printed under all signatures of the contract.
2. If the contract is signed by the secretary of the corporation, the above certificate must be executed by some other officer of the corporation, under the corporate seal. In lieu of the foregoing certificate, there may be attached to the contract copies of so much of the records of the corporation and will show the official character and authority of the officers signing, duly certified by the secretary or assistant secretary under the corporate seal to be true copies.
3. If the Contractor is operating as a partnership, each partner must sign the contract, or if not signed by each partner, there must be attached to the contract a duly authenticated power of attorney evidencing the signer's (signers') authority to sign such contract and on behalf of the partnership.
4. If the Contractor is an individual, the trade name (if the Contractor is operating under a trade name) must be indicated in the contract and the contract must be signed by such individual. If signed by someone other than the Contractor, there must be attached to the contract a duly authenticated power of attorney evidencing the signer's authority to execute such contract for and in behalf of the Contractor.
5. If an LLC, the contract must be signed by a member of the LLC. If signed by someone other than the member, there must be attached to the contract the duly authenticated power of attorney evidencing the signer's authority to execute such contract for and on behalf of the contractor.

