



**Finance Administration**  
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2<sup>nd</sup> Floor  
PO Box 580  
Fort Collins, CO 80522  
**970.221.6788**  
970.221.6782 - fax  
fcgov.com

**AGENDA**  
**Special Council Finance Committee Meeting**  
August 16, 2023  
**4:00 - 7:30 pm**  
222 Laporte - Colorado River Community Room

4:00 - 4:15 pm                      Audit Vendor Selection Process Overview

Blaine Dunn  
Gerry Paul

4:15 - 5:00 pm                      CliftonLarsonAllen LLP

Introductions:	5 mins.
Presentation:	15 mins.
Discussion:	25 mins.

5:15 - 6:00 pm                      Forvis LLP

Introductions:	5 mins.
Presentation:	15 mins.
Discussion:	25 mins.

6:15 - 7:00 pm                      Plante Moran

Introductions:	5 mins.
Presentation:	15 mins.
Discussion:	25 mins.

7:00 pm                                Dinner

7:10 - 7:30 pm                      Discussion & Selection Recommendation

**Council Finance Committee**  
**2023 Agenda Planning Calendar**  
Revised 8/8/23 ts

<b>Aug. 16<sup>th</sup></b>	<b>2023</b> <b>*Special Meeting*</b>		
	Auditor Firm Interviews		B. Dunn

<b>Sept. 7<sup>th</sup></b>	<b>2023</b>		
	Annual Adjustment Ordinance	20 min	L. Pollack
	2024 Budget Revisions	40 min	L. Polack
	Capital Expansion Fee Updates	60 min	D. Lenz

<b>Oct. 5<sup>th</sup></b>	<b>2023</b>		
	TCEF Reimbursement	30 min	M. Virata M. Martinez
	Capital Expansion Fee Updates (continued)	60 min	D. Lenz

<b>Nov. 2<sup>nd</sup></b>	<b>2023</b>		
	Utility Rate / Debt Forecasts	45 min	L. Smith

<b>Dec. 7<sup>th</sup></b>	<b>2023</b>		
	Utility Rate / Debt Forecasts (continued)	45 min	L. Smith

January 4<sup>th</sup> 2024

Rate Forecasts for the 2025-26 BFO Cycle, Associated Capital Improvement Plans &  
Rental Registration – Property Remediation Financing (C. Champine, M. Yoder)





## **COUNCIL FINANCE COMMITTEE AGENDA ITEM SUMMARY**

**Staff:** Blaine Dunn, Accounting Director  
Gerry Paul, Purchasing Director  
Randy Bailey, Controller

**Date:** August 16, 2023

**SUBJECT FOR DISCUSSION:** Selection of Audit Firm

**EXECUTIVE SUMMARY:** The purpose of this item is to interview three finalists for financial audit services. A Request for Proposal (RFP) was issued and five firms made proposals. A team of four that included staff from the City, PFA and Library reviewed the written proposals and recommend Clifton, Larson Allen, Forvis, and Plante Moran for consideration by the Council Finance Committee.

### **GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED**

- Recommend an audit firm for subsequent selection via City Council Resolution.

### **BACKGROUND/DISCUSSION**

Process Overview: Each firm will have up to 15 minutes to present, followed by 25 minutes for questions from the Committee. At the end of the interviews the Committee will discuss and recommend an audit firm. Staff that reviewed the written proposals will be available to answer questions from the Committee.

The Committee recommendation will be brought to City Council on September 19.

The auditor selected will have annual contracts renewable for a maximum of 5 years, and per Code are eligible to be competitively selected for one additional 5-year period, for a maximum tenure of 10 years for a given firm. If Forvis is selected this will be their second, and final, 5-year term.

### **ATTACHMENTS**

1. Auditor Selection Presentation
2. Scoring Criteria
3. Finalist Cost Summary
4. Proposals from Clifton, Larson, Allen
5. Proposals from Forvis
6. Proposals from Plante Moran

7. Request for Proposal plus Addendum 1
8. Government Finance Officers Association – Audit Procurement
9. Government Finance Officers Association – Understanding the Audit





08-16-23

# Auditor Selection

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**Blaine Dunn**

Accounting Director

**Gerry Paul**

Purchasing Director



## Background



- Article II, Section 17 of Charter requires Council shall provide for an independent audit at least annually
- Also required by State, granting agencies, and debtholders
- Current contract is in its fifth and final year, necessitating a competitive selection
- Historically, Finance Committee has served as the interview panel and Council has made its selection by Resolution

# Roles and Responsibilities



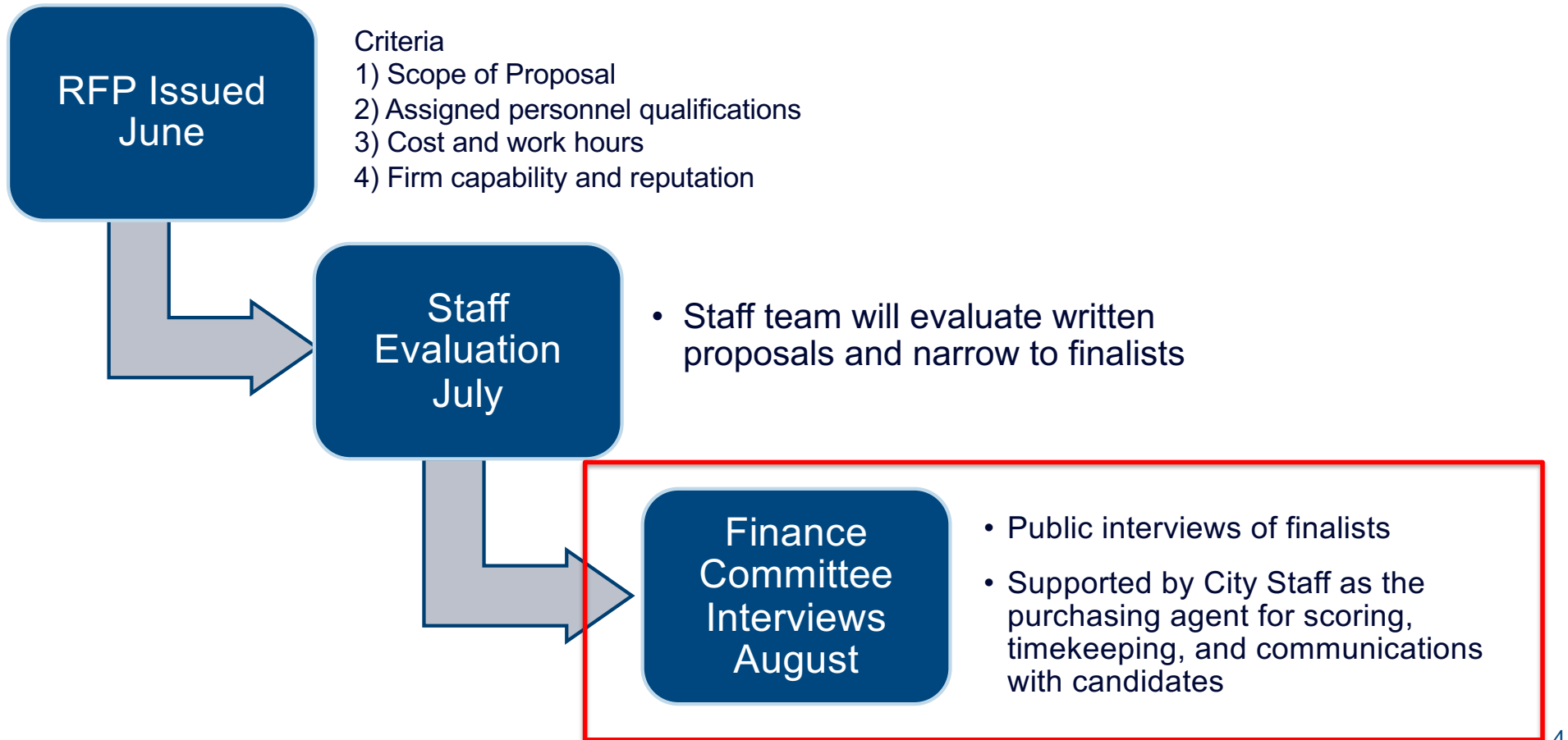
## Committee's Role

- Selection and appointment of independent auditors
  - Reviewing nature and scope of engagement
- Independent review and oversight over:
  - Financial reporting
  - Internal controls
  - Independent auditors

## Management's Role

- Preparation and fair presentation of financial statements
- Design, implementation and maintenance of internal controls
- Providing auditor with access to information

## Timeline and Criteria



- Each firm has 15 minutes to present, up to 30 minutes for Committee questions and discussion
- Staff has provided a list of suggested questions for the Committee's consideration; please keep questions consistent
- Criteria: 1) Scope of proposal, 2) assigned personnel qualifications, 3) cost and work hours, 4) firm capability & reputation

**PROPOSAL 9835 FINANCIAL AUDIT SERVICES  
INTERVIEW EVALUATION FORM**

**Rating Scale is 1 to 5**

**1 Poor Rating**

**3 Average Rating**

**5 Outstanding Rating**

Rater Name	CliftonLarsonAllen (CLA)	FORVIS	Plante & Moran
Scope of Written Proposal & Interview			
Assigned Personnel Qualifications			
Cost & Commitment to Annual Audit Schedule			
Firm Capability & Reputation			
<b>Total Points</b>			
<b>Ranking</b>			

**NOTES:**

# COST PROPOSAL SUMMARY

Year	Clifton Larsen*	Forvis	Plante Moran
2023 Audit of City	\$118,230	\$117,590	\$149,250
2024 Audit of City	\$121,800	\$123,470	\$153,700
2025 Audit of City	\$125,800	\$130,880	\$158,375
2026 Audit of City	\$129,300	\$138,730	\$163,130
2027 Audit of City	\$133,200	\$147,055	\$168,000
Sum	\$628,330	\$657,725	\$792,455
Year-Over-Year Increase %	3%	5%-6%	3%

\*Single Audits Included in Price  
Single Audits Required  
Single Audits Included in Price  
Additional Annual Cost For Single Audits (est.)

4	4	4
2	4	4
\$18,000	NA	N/A

Year	Clifton Larsen	Forvis	Plante Moran
2023 Audit of Library	\$9,000	\$21,500	\$25,000
2024 Audit of Library	\$9,300	\$22,575	\$25,750
2025 Audit of Library	\$9,600	\$23,930	\$26,500
2026 Audit of Library	\$9,900	\$25,365	\$27,295
2027 Audit of Library	\$10,200	\$26,885	\$28,100
Sum	\$48,000	\$120,255	\$132,645
Year-Over-Year Increase %	3%	5%-6%	3%

Year	Clifton Larsen	Forvis	Plante Moran
2023 Audit of PFA	\$12,500	\$23,000	\$35,000
2024 Audit of PFA	\$12,900	\$24,150	\$36,050
2025 Audit of PFA	\$13,300	\$25,600	\$37,100
2026 Audit of PFA	\$13,700	\$27,135	\$38,200
2027 Audit of PFA	\$14,100	\$28,760	\$39,400
Sum	\$66,500	\$128,645	\$185,750
Year-Over-Year Increase %	3%	5%-6%	3%

Rates fpr Additional Professional Services

	Clifton Larsen	Forvis	Plante Moran
Partners	\$ 250	\$535	\$325
Managers	\$ 160	\$390	\$250
Supervisory Staff	\$ 105	\$205	\$175
Staff	\$ 80	\$165	\$125

Estimated Hours for Annual Audits  
Estimated Hours

Clifton Larsen	Forvis	Plante Moran
875	880	1,125





# i. Title Page

Proposal to:

## City of Fort Collins

### Technical Proposal

Request for proposal subject	9835 Financial Audit Services
Firm name	CLA (CliftonLarsonAllen LLP)
Name, address, and telephone number of the contact person	Sam Hellwege, CPA, Principal 370 Interlocken Boulevard, Suite 500 Broomfield, CO 80021-8014 303-439-6082
Date of the proposal	July 21, 2023

[CLAconnect.com](https://claconnect.com)

CPAs | CONSULTANTS | WEALTH ADVISORS

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer).  
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



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### iii. Transmittal Letter

July 21, 2023

Gerry Paul, Purchasing Director  
Blaine Dunn, Accounting Director  
City of Fort Collins  
215 N. Mason St. 2nd Floor  
Purchasing Division  
Ft. Collins, CO 80524

*Submitted electronically via  
BidNet only*

RE: Request for Proposals (RFP) for 9835 Financial Audit Services

Dear Gerry and Blaine:

Thank you for inviting us to propose our services to you. We gladly welcome the opportunity to share our approach to helping City of Fort Collins (the City) meet its need for professional services. The enclosed proposal responds to your request for audit services for five fiscal years, beginning December 31, 2023.

#### *Verification statements*

We understand the work to be performed and commit to perform the work within the time period. We are confident that our extensive experience serving similar governmental entities, bolstered by our client-oriented philosophy and depth of resources, will make CLA a top qualified candidate to fulfill the scope of your engagement. Our proposal is a firm and irrevocable offer for a period of 60 days.

The following differentiators are offered for the City's consideration:

- **Industry-specialized insight and resources** – As one of the nation's leading professional services firms, and one of the largest firms who specialize in regulated industries, CLA has the experience and resources to assist the City with their audit needs. In addition to your experienced local engagement team, the City will have access to one of the country's largest and most knowledgeable pools of regulated industry resources.
- **OMB Uniform Guidance (UG) experience** – CLA performs single audits for hundreds of organizations annually, ranking top in the nation for the number of single audits performed by any CPA firm. The single audit requires a specific set of skills to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services.
- **Strong methodology and responsive timeline** – In forming our overall audit approach, we have carefully reviewed the RFP and other information made available and considered our experience performing similar work for other municipalities. Our local government clients are included amongst the more than 4,200 governmental organizations we serve nationally. Our staff understands your complexities not just from a compliance standpoint, but also from an operational point of view. We have developed a work plan that takes into consideration your unique needs as a governmental entity in Colorado. The work

plan also helps to minimize the disruption of your staff and operations and provides a blueprint for timely delivery of your required reports.

- **Communication and proactive leadership** – The City will benefit from a high level of hands-on service from our team’s senior professionals. We can provide this level of service because, unlike other national firms, our principal-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire engagement process. Our approach helps members of the engagement team stay abreast of key issues at the City and take an active role in addressing them.
- **A focus on providing consistent, dependable service** – We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, thus allowing us to avoid the workload compression typically experienced by firms that must meet public companies’ SEC filing deadlines. CLA is organized into industry teams, affording our clients with specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the City will enjoy the service of members of our state and local government services team who understand the issues and environment critical to governmental entities.

We are confident that our technical approach, insight, and resources will result in unsurpassed client service for the City. For ease of evaluation, the structure of our proposal follows your RFP section titled, *Proposal Requirements*.

We are eager to work with you and welcome the chance to present our proposal to the finance committee or entire management team. If you have any questions about our offerings, please do not hesitate to contact me via the information below.

Sincerely,

CliftonLarsonAllen LLP



Sam Hellwege, CPA

Principal

303-439-6082

sam.hellwege@CLAconnect.com

## iv. Detailed Proposal

### 1. General requirements

CLA understands the purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of CLA to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, we understand that the substance of proposals will carry more weight than their form or manner of presentation. This Technical Proposal demonstrates the qualifications of CLA and of the particular staff to be assigned to this engagement. It also specifies an audit approach that will meet the request for proposals requirements. THERE ARE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT. The Technical Proposal addresses all the points outlined in the request for proposals (excluding any cost information which has only been included in the sealed Dollar Cost Proposal). The Technical Proposal has been prepared simply and economically, providing a straightforward, concise description of CLA's capabilities to satisfy the requirements of the request for proposals. While additional data has been presented, the following subjects, items Nos. 2 through 10, have been included. They represent the criteria against which the proposal will be evaluated.



## 2. Independence

### Independence – the City

CLA is independent of the City as required by auditing standards generally accepted in the United States and the U.S. Government Accountability Office’s *Government Auditing Standards*. Our firm-wide quality control policies and procedures foster strict compliance with these professional standards. In addition, the individuals assigned to your audit are independent of the City.

### Independence – component units

Additionally, CLA is independent of all of the component units of the City (currently one, the Fort Collins Downtown Development Authority) as required by auditing standards generally accepted in the United States and the U.S. Government Accountability Office’s *Government Auditing Standards*. Our firm-wide quality control policies and procedures foster strict compliance with these professional standards.

### Professional relationships

CLA has no known previous relationships involving the City.

### Written notice of professional relationships

CLA will give the City written notice of any professional relationships entered into during the period of this agreement.

## 3. License to practice in the state of Colorado

CLA is a limited liability partnership and is duly licensed to practice public accountancy in the state of Colorado. All assigned key professional staff are properly licensed to practice in the State of Colorado (for further details please see Section 5 of this proposal). A copy of our state license is provided below:

Colorado Department of Regulatory Agencies Division of Professions and Occupations		Colorado Department of Regulatory Agencies Division of Professions and Occupations	
			
Board of Accountancy CliftonLarsonAllen LLP Public Accounting Firm		Board of Accountancy CliftonLarsonAllen LLP Public Accounting Firm	
FRM.0013022	09/01/2020	FRM.0013022	09/01/2020
<b>Number</b>	<b>Issue Date</b>	<b>Number</b>	<b>Issue Date</b>
Active	08/31/2023	Active	08/31/2023
<b>Credential Status</b>	<b>Expire Date</b>	<b>Credential Status</b>	<b>Expire Date</b>
Verify this credential at: <a href="http://www.colorado.gov/dora/dpo">www.colorado.gov/dora/dpo</a>		Verify this credential at: <a href="http://www.colorado.gov/dora/dpo">www.colorado.gov/dora/dpo</a>	
			
Division Director: Ronne Hines    Credential Holder Signature		Division Director: Ronne Hines    Credential Holder Signature	

## 4. Firm qualifications and experience

### Firm overview and size

CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, digital, audit, tax, consulting, and outsourcing services. Our broad professional services allow us to serve clients more completely — from startup to succession and beyond.

Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 8,500 people in nearly 130 U.S. locations and a global vision, we promise to know you and help you.

8,500+

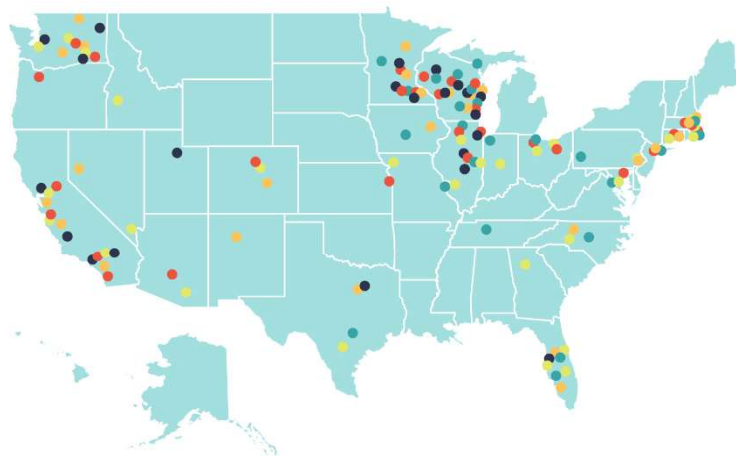
PEOPLE

130

NEARLY 130 U.S. LOCATIONS

AN INDEPENDENT  
NETWORK MEMBER OF

CLA Global



### *It takes balance*

With CLA by your side, you can find everything you need in one firm. Professionally or personally, big or small, we can help you discover opportunities and bring balance to get you where you want to go.

For two consecutive years, CLA has been certified as a Great Place to Work<sup>®</sup>, based on employee feedback and workplace experience.



## Governmental experience

CLA offers the credibility, reputation, and resources of a leading professional services firm — without sacrificing the small-firm touch. We bring unsurpassed levels of technical excellence, commitment, and dedication to our clients, which have made us one of the most successful professional service firms serving governmental entities. Our strong reputation for serving state and local government units provides the City the confidence in their decision to select CLA as their professional service provider.

CLA has one of the largest governmental audit and consulting practices in the country, serving more than 4,200 governmental clients nationwide. Regulated industry clients represent approximately one-quarter of all firm-wide revenue, and each of the governmental services team members are well versed in the issues critical to complex governmental entities.

Our professionals have deep, technical experience in serving governmental entities. As a professional service firm experienced in serving state and local units of government, we are very aware of the financial and legal compliance requirements that government officials are faced with daily. This creates complexities and service issues within a unique operational and regulatory environment. Because of our experience, we have become adept at providing our clients with insights in this environment not typical of other professional service firms.



We differ from other national firms in that our corporate practice focuses on the needs of non-SEC clients, allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. CLA is organized into industry teams, affording our clients specialized industry-specific knowledge supplemented by valuable local service and insight. Therefore, the City will benefit from working with members of our state and local government services team who understand the issues and environment critical to governmental entities.

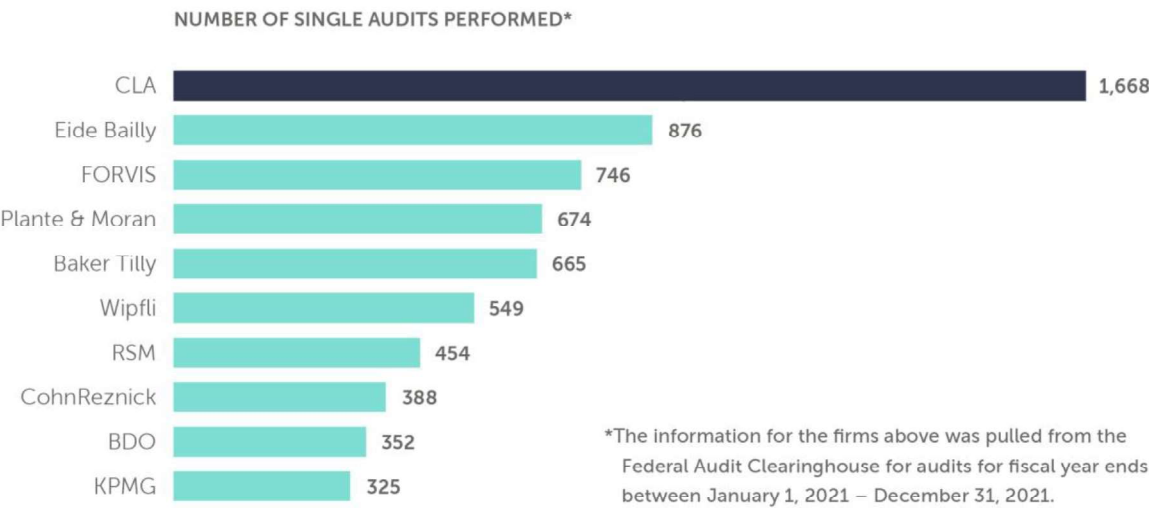
## Size of firm's governmental audit staff

With more than 550 professionals dedicated to our state and local government practice, CLA has one of the largest governmental audit and consulting practices in the country and brings extensive experience providing a variety of such services to state and local government entities. Our state and local government team serves more than 4,200 governmental engagements nationwide, including numerous cities, counties, municipalities,

states and state agencies, and school boards. In addition, we perform single audits for hundreds of organizations annually, ranking top in the nation for the number of single audits performed by any CPA firm.

Single audit experience

The chart below illustrates CLA’s experience in serving organizations that receive federal funds and demonstrates our firm’s dedication to serving the government and nonprofit industry. ***CLA performs the largest number of single audits in the United States. We audited nearly \$278 billion dollars in federal funds in 2021.***



It is more important than ever to find qualified auditors who have significant experience with federal grants specific to the City and can enhance the quality of the City’s single audit. Therefore, the single audit will be performed by a team of individuals who are managed by personnel who specialize in single audits in accordance with OMB’s Uniform Guidance and who can offer both knowledge and quality for the City. As part of our quality control process, the single audit will be reviewed by a firm Designated Single Audit Reviewer.

You'll need an audit firm experienced in performing single audits and a familiarity with the specific programs in which you are involved and will benefit from CLA’s experience in this area.

*Single Audit Resource Center (SARC) award*  
CLA received the [Single Audit Resource Center \(SARC\) Award](#) for Excellence in Knowledge, Value, and Overall Client Satisfaction. SARC's award recognizes audit firms that provide an outstanding service to their clients based on feedback received from an independent survey.



The survey queried more than 10,000 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2021 fiscal year-end audit. The SARC award demonstrates CLA’s dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.




## Thought leadership

CLA goes beyond the numbers and offers value-added strategies. Rest assured, you will hear from us throughout the year. We send periodic email publications and host webcasts to keep clients and friends of the firm informed of relevant industry updates. Below are just a few of the resources we offer. You can register for our webcasts and find our extensive resource library on our website, [CLAconnect.com](https://www.claconnect.com).



Office locations assigned to manage the engagement

The City will be served by our industry-specialized engagement team located in our Denver area offices. We have provided the addresses to our Denver area offices below.



**CLA Broomfield**  
370 Interlocken Boulevard  
Suite 500  
Broomfield, CO 80021-8014

**CLA Greenwood Village**  
8390 East Crescent Parkway  
Suite 300  
Greenwood Village, CO 80111

**CLA Colorado Springs**  
121 South Tejon Street  
Suite 1100  
Colorado Springs, CO 80903

Number and nature of professional staff to be employed on this engagement

The table below provides a breakdown by staff level and denotes full- or part-time status of the engagement team that will serve the City. This team has extensive experience working with clients similar to the City.

Level of Staff	Full-Time Staff	Part-Time Staff
Principal/Signing Director	-	3
Director/Manager	-	1
Senior	1	-
Associate	2	-
Total	3	4

Joint venture

We are not a joint venture or alliance of firms. We have the capabilities of providing all services outlined in the proposal, including Information Technology services.

## Quality control procedures and peer review report

In the most recent peer review report, dated November 2022, we received a rating of **pass**, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided on the following page. ***This quality control review included a review of specific government engagements.***

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in the *Uniform Guidance*.

## Report on the Firm's System of Quality Control

To the Principals of CliftonLarsonAllen LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the "Firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants ("Standards").

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards, may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The Firm is responsible for designing and complying with a system of quality control to provide the Firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the Firm's system of quality control based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1<sup>®</sup> and SOC 2<sup>®</sup> engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

*Cherry Bekaert LLP*

Cherry Bekaert LLP  
Charlotte, North Carolina  
November 18, 2022

cbh.com

## Federal or state desk or field reviews

CLA has been subject to several federal and state desk reviews by state oversight agencies during the past three years, and we have resolved all findings. In addition, our government audits are subject to review by each agency's Office of Inspector General, as well as the U.S. Government Accountability Office, and we have also resolved all findings identified in those reviews.

## Professional ethics and regulatory issues or complaints against team members

From time to time, individuals in the firm are parties to an inquiry from a regulatory or ethics body. In all cases the individual, with the firm's backing, shall cooperate in providing the information required to respond appropriately to the inquiry.

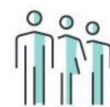
***The firm and professionals within the firm presently do not have any regulatory or ethics inquiries outside the normal course of our practice.***



## 5. Partner, supervisory and staff qualifications and experience

### Engagement team experience

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and can commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed team members:



The most important resource any business has is people — *the right people*.

Engagement Team Member	Role	Licensed to Practice in CO?
Sam Hellwege, CPA	<b>Engagement principal</b> – Sam will have overall engagement responsibility including planning the engagement, developing the audit approach, supervising staff, and maintaining client contact throughout the engagement and throughout the year. Sam is responsible for total client satisfaction through the deployment of all required resources and continuous communication with management and the engagement team.	✓
Paul Niedermuller, CPA	<b>Quality assurance principal</b> – Paul will complete the quality review of all work performed and of all audit reports prior to issuance. The focus of this review is to confirm adherence to industry and firm quality control guidelines and to make sure the work performed supports the audit opinions issued.	✓
Molly Quinn, CPA	<b>Engagement manager</b> – Molly will act as the lead manager on the engagement. In this role, Molly will assist the engagement principal with planning the engagement and performing complex audit areas. She will perform a technical review of all work performed and is responsible for the review of the annual comprehensive financial report and all related reports.	✓

Michael S. Nyman, CPA, CISA, CISSP, CITP, CRISC	<b>Information systems</b> – Mike will serve as the Information Technology (IT) and General Control systems resource to the City’s engagement. He will perform a review of Information Systems (IS) controls to conclude whether they are properly designed and operating effectively. For IS-related controls that we deem to be ineffectively designed or not operating as intended, he will communicate our findings and will provide recommendations to improve internal controls.	✓
Additional staff – We will assign additional staff to your engagement based on your needs and their experience providing services to similar clients. The staff assigned to your team will be from our Denver Area offices with state and local government as their industry focus at CLA.		

Detailed biographies, including a detailed listing of each team member’s last three years of continuing professional education, are available in **Appendix A** of this proposal.

*IT & Risk management – Value-added service*

CLA believes that a good audit yields substantial information for management and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. In that regard, we have assigned an experienced Information Technology (IT) resource manager to the City’s audit. The IT manager’s role in the audit will be to perform a review of Information Systems (IS) controls to conclude whether they are properly designed and operating effectively. For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will communicate our findings and will provide recommendations to improve internal controls.

Including an IT professional on the City’s audit is a value-added service that is not always offered by all firms that conduct municipal audits.



## Continuing education program

To maintain and expand our assurance knowledge, we consistently provide continuing education for our professionals. Each member of our professional team, including principals, attends at least 40 hours of technical training annually. The relevant continuing professional education of the specific staff to be assigned to this engagement is provided in the Appendix with their biographies. Individuals are required to familiarize themselves with all current changes in standards and procedures. Updated information on recent changes in technical standards and regulations, as well as the firm's professional policies and procedures, is distributed to our team members on a regular basis.

CLA professionals are specifically trained in the industry at a level beyond our competitors.



CLA's firm-wide training programs include:

- **Learn**—Designed for new CLA associates, this five-day conference is typically attended in the first year of employment. This internally developed and presented training focuses on preparing new hires and interns to understand and perform their role in the audit process. Providing a combination of an introduction to CLA Strategy, business risk and independence with audit theory using hands-on exercises and simulations to introduce our audit methodology, tools, and software. Specific audit areas covered include audit planning, cash, fixed assets, accounts payable, and financial statement preparation.
- **Experience**—Designed for the CLA associate with about one year of experience, this four-day conference is typically attended in the second year of employment. This training is similar to the "Learn" training outlined above but at a deeper level.
- **Achieve**—Designed for the CLA associate with about two years of experience, this four-day conference is typically attended in the third year of employment. This internally developed and presented training focuses on leadership and performance management of audit engagements utilizing CLA audit methodology from the perspective of the experienced in-charge. This is a highly interactive session covering the experienced in-charge's role and challenges in the audit process and prepares participants to manage and perform efficient and effective audits.
- **Propel**—Designed for the CLA associate with about three years of experience, this four-day conference is typically attended in the fourth year of employment. This training focuses on project management of audit engagements from start to finish and includes exercises and case studies on improving the audit, supervision, analytical procedures, and tests of controls, and identifying and responding to fraud risks. This session is taught by an external instructor from 20/20 Services.

## Continuity of service

We are committed to providing continuity throughout this engagement. It is our policy to maintain the same staff throughout an engagement, providing maximum efficiency and keeping the learning curve low. With a solid, steady engagement team, each year brings the additional benefits of trust and familiarity. We are also flexible in exploring alternative strategies to non-mandatory rotation policies.



In any business, however, turnover is inevitable. If and when it happens, we will provide summaries of suggested replacements and will discuss re-assignments prior to finalizing. We have a number of qualified staff members to provide the City with quality service over the term of the engagement.

CLA is committed to maintaining high staff retention rates, which we believe are a strong indicator of service quality. High retention rates also indicate that our staff members have the resources they need to perform their tasks and maintain a positive work/life balance.

## Equal Employment Opportunity/Affirmative Action

At CLA, we encourage and embrace an inclusive culture that brings different beliefs and perspectives so that we can truly know and help each other and our clients. We do this by inviting perspectives and building relationships based on trust and respect, which together with connection, are the foundation for our CLA Promise.

CLA is an Equal Opportunity and Affirmative Action employer committed to diversity, equity, and inclusion. All employment decisions are made without regard to race, creed, color, religion, sex (including pregnancy, childbirth, and medical conditions related to pregnancy, childbirth, or breastfeeding), sex stereotyping (including assumptions about a person's appearance or behavior, gender roles, gender expression, or gender identity), gender, age, national origin, citizenship status, ancestry, mental or physical disability, intellectual disability, military service, protected veteran status, genetic information, medical condition, sexual orientation, gender identity, gender expression, natural hairstyle, marital status, sexual and reproductive health choices or any other characteristic protected by federal, state or local law.

*Diversity, equity, and inclusion (DEI) helps us create opportunities*

**CLA is dedicated to building a culture that invites different beliefs and perspectives to the table, so we can truly know and help our clients, our communities, and each other.**

Our goal is to approach DEI the way we approach our daily work — to weave our initiatives seamlessly into everything we do.

### *Our desired outcome*

To be representative of the communities we serve now and in the future by providing an inclusive, respectful CLA culture, where everyone has opportunity. This outcome will be visible in many ways, including:

- We actively learn, listen, and reflect on DEI issues
- We hear the voices of our underrepresented CLA family members
- We see that CLA is a safe place for all
- We implement DEI strategies throughout our CLA family





### *Our five DEI focus areas*

The plan focuses our activity in five areas:

- **Employee engagement** — We foster a true sense of inclusion and belonging for our CLA family members with opportunities such as learning events, virtual belonging communities, and coaching connections.
- **Operations** — We operate with a lens of inclusion, from our event planning to our policies and our supplier diversity program.
- **Leadership** — We commit to lead by example, building mentorship and sponsorship opportunities, so that our pipelines can be filled with diverse candidates.
- **Recruiting** — Whether on college campuses or hiring experienced professionals, we’re building intentionality into our talent acquisition plans.
- **Community and client impact** — We create opportunities for our CLA family to give time and financial support to DEI initiatives, whether through volunteer paid time off, nominations to our CLA Foundation, or cultivating new client and prospect relationships that reflect the communities we serve.

### *Our DEI journey*

We’ve been on our DEI journey since 2014, and in 2022, we invested in an outside assessment of our DEI activity, added nine full-time DEI roles, framed a mentorship and sponsorship program, and hosted our first belonging and inclusion summit. We also expanded our relationship with the National Association of Black Accountants, which included a [\\$1 million dollar grant](#) to seed the Pathways to College program. Through our work with NABA, CLA seeks to accelerate its recruiting of Black individuals, increase workforce diversity, expand its pool of talent, and improve the representation of Black individuals within the accounting profession.

Our DEI activity continues to be informed by the ongoing national conversation on race, which contributed to our [2020 collaborative public statement](#) that reflects our beliefs. Today, every leader and every location is responsible to engage, implement, and maintain a proactive DEI plan.

### *Engaging the whole CLA family*

Our DEI work engages the entire CLA family, from interns to our leader, Jen Leary, who [signed the CEO Action Pledge](#), the largest CEO-driven business commitment to advance diversity and inclusion within the workplace.

Our full-time DEI team, working directly with firm leaders, guides our efforts, drawing on more than 300+ local DEI ambassador voices spread across our nearly 130 locations.

We are proud to offer nine virtual belonging communities where our CLA family members can connect and engage with each other. Today, we have more than 2,000 participants (and growing) across these communities.

### *Community impact*

CLA’s [community engagement](#) approach is designed to unify the work and missions of DEI and the CLA Foundation — with joint intention focused on advancing education, employment, and entrepreneurship. This

approach allows us to live the CLA Promise in a new and bold way as we work with community leaders to draw upon the wisdom, strength, and initiatives already present in our communities.

### *CLA Foundation*

The CLA Foundation joined the CLA family in committing to making “DEI part of our DNA.” To better understand the communities connected through our grants, we worked with past grant recipients to update our application to learn more about demographics, including whom they serve as well as the makeup of the organization’s staff and board. Our grant committee is focused on how grantees represent our core mission of creating career opportunities in the areas of education, employment, and entrepreneurship through connection to diverse networks that are inclusive of all genders, races, Veterans, and the disability community. In 2022, the CLA Foundation granted \$1.9 million to connect diverse networks across the country.

### *Supplier diversity program*

We encourage all potential suppliers who can competitively meet the diversity requirements to contact us about qualifying for our new supplier diversity program. To learn more about CLA’s commitment to promote a diverse supplier base, [visit our supplier diversity program page](#).

### Right to approve or reject replacements

CLA understands that engagement principals, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. Additionally, CLA understands these personnel may also be changed for other reasons with the express prior written permission of the City. In all instances, the City would retain the right to approve or reject replacements.

Additionally, CLA understands that consultants and firm specialists mentioned in the response to this request for proposal may be changed with express prior written permission of the City, which retains the right to approve or reject replacements.

CLA understands that any other audit personnel may be changed at the discretion of the proposer, provided that replacements have substantially the same or better qualifications or experience.

### 6. Prior engagements with the City

CLA has no prior engagements with the City within the last five years.



## 7. Similar engagements with other government entities

The below table lists the five most significant engagements that CLA has performed within the last five years that are similar to the engagement described in this RFP ranked by total hours. Each of the below were performed from our Denver area offices.

Client	Client Contact Name	Phone	Scope of Services	Engagement Principals	Dates	Total Hours
Adams County	Laura Garcia, General Accounting Manager	720-523-6239	Financial Audit and Single Audit	Allison Slife, John Paul LeChevallier	2011 – Present	1,200
Arapahoe County	Todd Weaver, Director of Finance	303-795-4620	Financial Audit and Single Audit	Allison Slife, John Paul LeChevallier	2011 – Present	1,100
City of Boulder	Anne Penney, Controller	303-441-1812	Financial Audit and Single Audit, consulting services	Allison Slife, Paul Niedermuller	2015 – Present	900
City of Littleton	Tiffany Hooten, Finance Director	303-795-3709	Financial Audit and Single Audit	Paul Niedermuller	2019 - Present	620



## 8. Specific audit approach

### a. Proposed segmentation of the engagement

#### *Seamless assurance advantage: a different way to audit*

Many organizations view an audit as a requirement that doesn't contribute to their overall operations or value. At CLA, we believe an audit should be an annual check-up that gives you insight into your organization, allowing you to take advantage of opportunities and improve your operations.

**Our industry experience makes it easier** — CLA auditors are industry aligned, making our audit process fast and smooth. We focus on operational efficiency and leverage our industry experience to bring you meaningful insights that go beyond compliance requirements. A dedicated team of professionals will listen to your goals and concerns, then work with you to navigate industry pressures, changing markets, and complex standards, all with a common goal to drive your organization toward success.

**Your time has value** — Your day is filled with competing priorities and constant distractions. We elevate your experience by using a variety of communication tools, such as a web-based document portal, video conferencing, email, and phone calls, to keep everyone informed and on track. These tools provide flexibility to choose where and how your audit is performed. In contrast to a traditional engagement, where a team spends weeks on site at your location, our Seamless Assurance Advantage focuses on having the right team members on your engagement and isn't dependent on physical locations.

**A simple transition** — We recognize changing accounting firms presents an opportunity as well as a challenge. Our approach deliberately and effectively reduces the impact of transition.



**No surprises** — We will provide the City with a no-surprises approach to our services, based on frequent and timely communication and clarity around roles and expectations. If issues arise during your audit, we engage the right people in a frank discussion to resolve them.

**Significant involvement of principals and managers** — Our principals and managers are directly involved in your engagement and can proactively identify significant issues and resolve them with management. Your time is best spent with key decision makers so you can ask clarifying questions, discuss organizational strategies, and navigate sensitive reporting issues.

**We tailor the audit just for you** — While our audit programs provide typical approaches for given audit areas, CLA designs a client-specific, risk-based audit approach for each client. We use custom, industry-tailored programs, procedures, and tools designed specifically to focus on applicable issues.

**You'll learn about what we're doing and what we've found in plain, everyday language** — By working closely with your staff, CLA continuously learns about your organization. This involvement enables us to offer recommendations for improvements in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

**When performing an audit**, we are sensitive and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

**Year-long support** — We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people can provide proactive advice on new accounting or GAAP pronouncements and their potential impact; help with immediate problems, including answers to brief routine questions; and share insights and leading practices to assist in planning for your future success.

#### *Financial statement audit approach*



#### *Phase 1: Planning and strategy*

The main objective of the planning phase is to identify significant areas and design efficient audit procedures.

- Conduct an entrance meeting. Sam Hellwege and staff will meet with the City personnel to agree on an outline of responsibilities and time frames
- Establish audit approach and timing schedule
- Determine assistance to be provided by the City personnel
- Discuss application of generally accepted accounting principles
- Address initial audit concerns
- Establish report parameters and timetables
- Progress reporting process
- Establish principal contacts
- Gain an understanding of your operations, including any changes in organization, management style, and internal and external factors influencing the operating environment

- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations
- Determine the likelihood of effective Information Systems (IS) - related controls
- Perform a preliminary overall risk assessment
- Confirm protocol for meeting with and requesting information from relevant staff
- Establish a timetable for the fieldwork phase of the audit
- Determine a protocol for using TeamMate Analytics and Expert Analyzer (TeamMate), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management
- Compile an initial comprehensive list of items to be prepared by the City, and establish deadlines

We will document our planning through:

- **Entity profile** — This profile will help us understand the City's activities, organizational structure, services, management, key employees, and regulatory requirements.
- **Preliminary analytical procedures** — These procedures will assist in planning the nature, timing, and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- **General risk analysis** — This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations, and other key planning considerations.
- **Account risk analysis** — This document will contain the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- **Prepared by client listing** — This document will contain a listing of schedules and reports to be prepared by the City personnel with due dates for each item.
- **Assurance Information Exchange (AIE)** — CLA uses a secure web-based application to request and obtain documents. This application allows clients to view detailed information, including due dates for all items CLA is requesting. Clients can attach electronic files and add commentary directly on the application.



A key element in planning this audit engagement will be the heavy involvement of principals and managers. We will clearly communicate any issues in a timely manner and will be in constant contact as to what we are finding and where we expect it will lead.

Using the information we have gathered and the risks identified, we will produce an audit program specifically tailored to the City that will detail the nature and types of tests to be performed. We view our programs as living documents, subject to change as conditions warrant.

### *Phase 2: Systems evaluation*

We will gain an understanding of the internal control structure of the City for financial accounting and relevant operations. Next, we will identify control objectives for each type of control material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing, and extent of our control testing and perform tests of controls. This phase of the audit will include testing of certain key internal controls:

- Electronic data, including general and application controls reviews and various user controls
- Financial reporting and compliance with laws and regulations

We will test controls over certain key cycles, not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the City has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated prepared by client listing based on our test results and anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application IS controls for applications significant to financial statements to conclude whether IS general controls are properly designed and operating effectively.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then assess the significant computer-related controls.

For IS-related controls we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support findings and will provide recommendations for improvement. For IS controls we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

#### *Phase 3: Testing and analysis*

The extent of our substantive testing will be based on results of our internal control tests. Audit sampling will be used only in those situations where it is the most effective method of testing.



After identifying individually significant or unusual items, we will decide the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance; (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance; or (3) applying analytical procedures to the remaining balance. When we elect to sample balances, we will use TeamMate to efficiently control and select our samples.

Our workpapers during this phase will clearly document our work as outlined in our audit programs. We will provide the City with status reports and be in constant communication with the City to determine that all identified issues are resolved in a timely manner. We will hold a final exit conference with the City to summarize the results of our fieldwork and review significant findings.

#### *Phase 4: Reporting and follow up*

Reports to management will include oral and/or written reports regarding:

- Independent Auditors' Report

- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards
- Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
- Management Letter, if applicable
- Written Communication to Those Charged with Governance, which includes the following areas:
  - Our responsibility under auditing standards generally accepted in the United States of America
  - Changes in significant accounting policies or their application
  - Unusual transactions
  - Management judgments and accounting estimates
  - Significant audit adjustments
  - Other information in documents containing the audited financial statements
  - Disagreements with the City
  - The City's consultations with other accountants
  - Major issues discussed with management prior to retention
  - Difficulties encountered in performing the audit
  - Fraud or illegal acts



Once the final reviews of working papers and financial statements are completed, our opinion, the financial statements, and management letter will be issued.

The City will be given a draft of any comments we propose to include in the management letter. Items not considered major may be discussed verbally with management instead of in the management letter. Our management letter will include items noted during our analysis of your operations.

We will make a formal presentation of the audit results to those charged with governance, if requested.

### *Single audit approach*

The OMB's *Uniform Guidance* (2 CFR Part 200) is effective for federal grants made on or after December 26, 2014. This affects how federal grants are managed and audited and impacts every organization that receives federal assistance. Grant compliance can be a confusing topic and many of our clients rely on their federal funding as a major revenue source, so it is important that they understand what these changes mean to their organization. As a leader in the industry, CLA was out in front of these changes and informed our clients of how to be proactive about these changes and how they could impact their entity. CLA professionals are available to provide guidance and tools tailored to the City's needs, and to assist in compliance with these rules.

The AICPA clarified auditing standard, AU-C 935 "Compliance Audits," requires risk-based concepts to be used in all compliance audits including those performed in accordance with 2 CFR Part 200. Our risk-based approach incorporates this guidance.

We will conduct our single audit in three primary phases, as shown, below:



#### *Phase 1: Risk assessment and planning*

The risk assessment and planning phase will encompass the overall planning stage of the single audit engagement. During this phase, we will work closely with the City's management to determine that programs and all clusters of programs are properly identified and risk-rated for determination of the major programs for testing. We will also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We will accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and significant Type B programs (25% of Type A threshold) in accordance with the Uniform Guidance
- Identify the programs tested and the findings reported for the past two fiscal years. Determine and document the program risk based on the past two single audits
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs
- Determine the major programs to be tested for the current fiscal year based on the previous steps
- Based on our determination of the major programs, we will obtain the current year compliance supplement to aid in the determination of direct and material compliance requirements, and customize the audit program accordingly

- Determine the preferred methods of communication during the audit

### *Phase 2: Major program testing*

We will determine the programs to be audited based on the risk assessment performed in the planning phase. We will perform the audit of the programs in accordance with *UG*.

To accomplish this, we will perform the following:

- Schedule an introductory meeting and notify the City's management of the major programs for the current fiscal year
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards
- Perform tests of compliance and internal controls over compliance for each major program identified
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise
- Conduct entrance and exit conference meetings with each grant manager



### *Phase 3: Final assessment and reporting*

We will re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.

Based on the final determination of the programs we will perform the following:

- Identify Type A and significant Type B programs which were not previously identified.
- Re-assess the risk and determine if we are required to audit additional programs.
- Perform compliance testing at the entity wide level related to procurement and cash management requirements.
- Perform testing to validate the status of prior year findings for those programs not selected for audit.
- Prepare the Schedule of Findings and Questioned Costs.
- Conduct exit conference with the City's management to review drafts of required reports:
- Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Throughout the single audit, we will maintain communication through periodic progress meetings with those designated by the City. These meetings will be on a set schedule, but as frequently as the City determines. During these meetings, we will discuss progress impediments and findings as they arise.

## b. Level of staff and number of hours to be assigned

Our project management methodology results in a client service plan that provides for regular, formal communication with the entire management team and allows us to be responsive to your needs. The schedule allows for input from your personnel to make certain the services are completed based on your requirements. The plan may also be amended during the year based on input from the internal auditor.

Please see the below chart for the level of staff and approximate number of hours to be assigned to each proposed phase:

Financial Statement Audits					
Engagement Segment	Principal / IT Specialist	Manager	Senior	Associate	Total
Planning and strategy	15	25	30	20	90
Systems evaluations	50	20	40	50	160
Testing and analysis	15	80	130	150	375
Reporting and follow up	35	25	15	5	80
<b>Total</b>	<b>115</b>	<b>150</b>	<b>215</b>	<b>225</b>	<b>705</b>

Single Audit					
Engagement Segment	Principal	Manager	Senior	Associate	Total
Risk assessment and planning	5	5	10	10	30
Major program testing	0	10	30	75	115
Final assessment and reporting	10	10	5	0	25
<b>Total</b>	<b>15</b>	<b>25</b>	<b>45</b>	<b>85</b>	<b>170</b>

### c. Sample size and statistical sampling

We follow the guidance of AU-C Section 530, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These AU-C Section 530 – “Audit Sampling” forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Sample sizes will vary depending on the nature of the testing (compliance versus substantive) and the size of the population being sampled. Sampling techniques are utilized in compliance and internal control testing, as well as substantive testing of certain asset and liability account balances. Sample sizes used for internal control testing depend on a number of factors, namely the number of expected or actual control deviations, size of population, and level of control assurance anticipated. Sample sizes can range from 20 to 90 possible selections.

To illustrate, if no internal control deviations are anticipated and the frequency of the population (i.e., the number of times the control is performed in a given year) is less than 100, then we will test 20 transactions in order to obtain moderate control assurance. If two internal control deviations are anticipated, and the frequency of the population is greater than 200, then we will test 90 transactions in order to obtain low control assurance. We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.

### d. Use of technology in the audit

We’re reimagining the audit process through technology to elevate your experience!



**Assurance Information Exchange (AIE)** — CLA offers a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows clients to view detailed information, including due dates for items that CLA requests. Additionally, the application allows clients to attach electronic files and add commentary related to the document requests directly on the application. AIE is provided at no additional cost, subject to the terms of the Assurance Information Exchange Portal Agreement.

**TeamMate Analytics and Expert Analyzer (TeamMate)** — To analyze and understand large data sets, we use TeamMate Analytics and Expert Analyzer. We customize the application by industry in order to perform the most applicable procedures. This allows us to go beyond sampling and instead analyze the entire general ledger for targeted anomalies. Far beyond the audit application, our six-phase process of Risk Assessment, Data Analytics and Review (RADAR) can also provide actionable insights to help you understand your entity better.

**Microsoft® Teams** — Our services approach focuses on impactful interactions. We’ve said goodbye to the days of setting up camp in our clients’ conference rooms for weeks on end. We know our clients have organizations to run, so our interactions have purpose. To assist with communications when we are not onsite, we utilize tools

such as Microsoft Teams, which allow for two-way screen sharing and video. We’ve found this helps minimize disruptions in our clients’ environments while continuing to effectively communicate with each other.

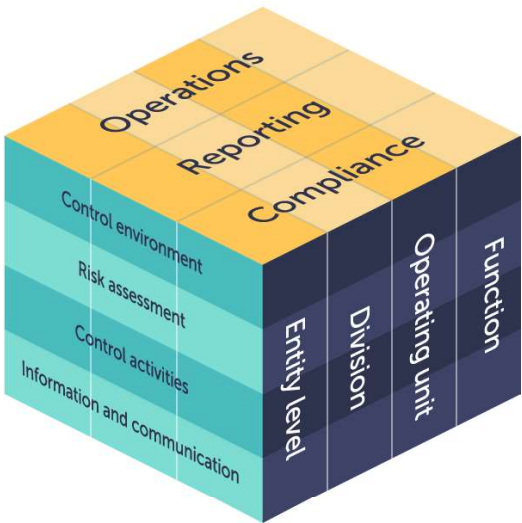
**e. Type and extent of analytical procedures**

Preliminary analytical procedures will assist in planning the nature, timing, and extent of auditing procedures that will be used to obtain evidential matter. These procedures will focus on enhancing our understanding of the financial results. These procedures are also used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.

In performing our substantive testing, our audit efficiency initiative provides that we first think analytically. By doing this, we can better understand the specific account balance being tested and determine if the current balance or relationship with other account balances appears reasonable. We will also employ analytical testing on smaller and/or lower risk accounts and cycles to maintain efficiency and to meet milestones.

**f. Procedures used to understand internal processes and controls**

We understand changing audit firms would require a new set of auditors to develop an understanding of the City and its internal control and operating structure. We also strive to develop our understanding in the least intrusive manner possible, while still maintaining our professional responsibilities. We would utilize a combination of internal control forms and interviews with key accounting personnel to gain and document our understanding of the City. We will also use as a baseline any existing internal control processes, policies, organizational charts, etc. the City may have already documented. A walk through of design and operating effectiveness would then be performed to confirm our understanding.



The Committee of Sponsoring Organizations of the Treadway Commission (COSO) has established a framework for internal control systems. Under the COSO framework, internal control is a process to provide reasonable assurance that those internal objectives, including effectiveness and efficiency of business operations, reliability of financial reporting, and compliance with applicable laws and regulations, will be met, if applicable.

Our audit approach is designed to evaluate and walk through the departmental internal controls in accordance with COSO concepts. Our procedures include a review of the overall control environment, determination of the adequacy of those procedures, and a walk through of the procedures to determine if they are functioning as designed.

During the planning and internal control phases of our audit, we will develop our understanding of the City business operations and internal control structure for financial accounting and relevant operations through observation, discussion, and inquiries with management and appropriate personnel. During this phase of the audit, we will review budgets and related materials, organization charts, accounting and purchase manuals, and other systems of documentation that may be available.

Once we understand your operations, we will then identify control objectives for each type of control that is material to the financial statements. The next step will be to identify and gain an understanding of the relevant

control policies and procedures that effectively achieve the control objectives. We will then determine the nature, timing, and extent of our control testing.

#### g. Approach to be taken in determining laws and regulations that will be subject to audit test work

We will obtain an understanding of the laws and regulations that impact the City's operations by reviewing council minutes to identify any ordinances or resolutions that might have an impact to operations and reporting by the City, as well as interview key personnel and management of the City. The staff assigned to the engagement attend regular trainings and are well versed in upcoming legislation and federal and state laws (e.g., *Uniform Guidance*) and proactively discuss these upcoming changes with our clients.



We will also review current operations, contracts, and IGA's that may impact current operations.

#### h. Approach to be taken in drawing audit samples for purposes of tests of compliance

We follow the guidance of AU-C Section 530, Audit Sampling, in using statistical and nonstatistical approach. We use quality control material in all our audit engagements. These forms guide our staff through a logical process of assessing inherent risk, control risk, and combined audit risk, followed by an assessment of appropriate sample size for testing.

Because our sample sizes are affected by many variables, a statement about sample sizes cannot be made in absolute terms. However, with regard to sample selection, we will generally utilize representative sampling for internal control and compliance tests, including those related to single audit compliance. Samples will also be used in conjunction with other tests of compliance (e.g., Florida Statutes, Ordinances, etc.).

In general terms, sample sizes for compliance and controls testing obtained via our guidance usually fall into categories of 25, 40, or 60 depending on circumstances. Where the population being tested is less than 100 items, we will use the 20%, 30%, or 40% of the population depending on our control risk assessment.

We are usually able to cover a substantial portion of the compliance and controls testing with one sample, resulting in a very efficient approach.

## 9. Identification of anticipated potential audit problems

In situations where authoritative guidance on a particular transaction or accounting issue is unclear or subject to interpretation, our approach is to proactively meet with management to discuss the issue and reach a conclusion that is hopefully agreed upon by both parties. We do not have specific firm policies that dictate our conclusions to be reached on all complex accounting issues. Rather, each issue must be evaluated independently by our engagement team. As discussed above, we will not only meet internally, but also facilitate discussion with the City's management team in order to obtain a mutual understanding of the particular accounting issue, determine the applicable authoritative guidance that most closely relates to the issue, and strive to reach an approach agreed upon by both parties. If there remains any ambiguity or disagreement, we can explore other resources that could possibly assist, such as subject matter professionals within the Government Accounting Standards Board staff or the Government Finance Officers Association (GFOA) or perhaps other municipalities who may have dealt with similar issues.

## 10. Report format

Please find sample reports in **Appendix B**.



## v. Executed copies of Proposer Guarantees and Proposer Warranties



Official Purchasing Document  
Last updated 10/2017 GP

### APPENDIX C

#### PROPOSER GUARANTEES

The Proposer certifies it can and will provide and make available all services set forth in Scope of Work and Time Requirements.

Signature of Official: Sam Hellwege

Printed: Sam Hellwege

Title: Principal

Date: 7/21/23

#### LIST OF PRINCIPALS

The names and titles of the Proposer's principals are:

1. Sam Hellwege, Principal
2. Paul Neidermuller, Principal
3. CLA has 985 principals, none of whom own more than a 2% interest in the firm.
4. Additional names can be provided upon request.
5.

Proposer: CLA

Address: 370 Interlocken Blvd, Suite 500

City/State/Zip: Broomfield, CO 80021-8014

Phone: 303-439-6082 Email: sam.hellwege@CLAconnect.com



**APPENDIX D**  
**PROPOSER WARRANTIES**

- A. Proposer warrants that it is willing and able to comply with State of Colorado laws with respect to foreign (non-state of Colorado) corporations.
- B. Proposer warrants, that if it is awarded the contract it shall obtain and maintain during the Agreement term the following insurance coverage's with policy limits in accordance with NORA specifications:
1. Errors and omissions coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof;
  2. Professional liability coverage;
  3. Comprehensive general liability coverage;
  4. Automobile liability coverage, including hired and non-owned vehicles; and
  5. Workers' compensation.

Waiver of subrogation and hold harmless agreements will be agreed to for all of the above coverage. The City shall be named an additional insured for all insurance coverage.

- C. Proposer warrants that it will not delegate or subcontract its responsibilities under the contract without the prior written permission of the City.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- E. Proposer acknowledges and agrees, pursuant to Municipal Code Sec. 8-157 (m) all proposals will be subject to public disclosure and interviews will be conducted in a public meeting by the City Council Finance Committee.



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

Name: Sam Hellwege  
(Print or type)

Title: Principal

Firm: CLA

Date: 7/21/23

# Appendix

## A. Engagement team biographies





# Sam K. Hellwege, CPA

## CLA (CliftonLarsonAllen LLP)

Principal  
Broomfield, Colorado

303-439-6082  
sam.hellwege@CLAconnect.com



### Profile

Sam has more than nine years of experience in public accounting serving governmental entities, including financial statement audits, implementation of GASB accounting standards, and single audits of federal awards. Sam also consults with clients on internal controls and fraud prevention. In addition, Sam specializes in performing data analytics over areas vital to the operational success of the organization.

### Technical experience

- Governmental audits
- Compliance audits
- Federal grant financial and compliance audits
- Focused on serving regulated industries
- Clients include:
  - Cities and towns
  - States and state departments
  - Counties
  - School districts
  - Various special districts

### Education and professional involvement

- Bachelor of science in business administration and accounting from Drake University, Des Moines, Iowa
- American Institute of Certified Public Accountants (AICPA)

### Speaking engagements

- Speaker at CGFOA, AGA – Idaho Chapter, and CASBO events

### Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. Every two years, a minimum of 24 credits of CPE specifically related to Yellow Book requirements is completed.

Program name	Completion date	Total applied to period
2021		
Auditing Employee Benefit Plans – Part 1	12/10/2021	2.0
Coaching for Inspired Careers - November 2021	11/29/2021	1.0
Seamless Conference 2021	11/19/2021	2.5
Independence and Ethics Update 2021 - Fundamentals	11/12/2021	2.0
CLA Managing Your ARPA Funds	11/9/2021	1.0
Risk Management Q4 2021	10/25/2021	1.0
Assurance Quarterly Update - Q4 2021	10/25/2021	2.0
State and Local Gov (SLG) learning series - Part 5	8/10/2021	2.0
GASB Update for State and Local Government - #2	8/5/2021	2.0
State and Local Gov (SLG) learning series - Part 4	7/13/2021	2.0
Audit: Be in the Know 2021	6/30/2021	4.0
CLA 2021 Denver Government and Nonprofit Training Academy -Day 2	6/15/2021	2.5
State and Local Gov (SLG) learning series - Part 3	6/8/2021	2.0
CLA 2021 Denver Government and Nonprofit Training Academy -Day 1	6/8/2021	3.0
State and Local Gov (SLG) learning series - Part 2	5/11/2021	2.0
Coaching for Inspired Careers - May 2021	5/10/2021	1.0
GASB 87 Leases	5/6/2021	1.0
Assurance Quarterly Update - Q2 2021	5/3/2021	2.0
Risk Management Q2 2021	5/3/2021	1.0
CLA American Rescue Plan Act of 2021 – Perspectives and Lessons Learned for Government Organizations	3/31/2021	1.5
Examining the New Lease Accounting Standard	3/31/2021	2.0

Single Audit Module 3: Compliance Requirements	1/18/2021	1.0
Single Audit Module 2: Major Program Determination	1/18/2021	1.0
Single Audit Module 5: Reporting	1/18/2021	1.0
Single Audit Module 4: Internal Control and Compliance	1/18/2021	1.0
Assurance Quarterly Update - Q1 2021	1/11/2021	2.0
Single Audit Module 1: Overview and Background	1/5/2021	1.0
		46.5
2022		
Assurance Perspectives - Q4 2022	12/8/2022	2.0
Quality Update - Q4 2022	12/8/2022	1.0
Wellness Wednesday 2022: December #1 - Benefits & Your Emotional Health	12/7/2022	1.0
Advancing in Your Inspired Career Conference	12/1/2022	12.5
Get to Know a BOA	10/31/2022	1.0
Audit: Be in the Know 2022 - Part 4, State and Local Government	8/23/2022	1.0
Audit: Be in the Know 2022 - Part 3, State and Local Government	8/22/2022	1.0
Assurance Perspectives - Q3 2022	8/11/2022	2.0
State and Local Gov (SLG) Learning Series - Part 4	7/14/2022	2.0
Single Audit Update - Q3 2022	7/7/2022	2.0
State and Local Gov (SLG) learning series - Part 3, GASB 87 - Implementing the Lease Standard	6/29/2022	2.5
Audit: Be in the Know 2022 - Part 2, All Industries	6/14/2022	1.0
Audit: Be in the Know 2022 - Part 1, All Industries	6/13/2022	1.0
Quality Update - Q2 2022	5/26/2022	1.0
Assurance Perspectives - Q2 2022	5/26/2022	2.0
GASB 87 Leases	5/23/2022	1.0

EBP Internal Inspection 2022 and SAS 136 Implementation	4/26/2022	2.0
State and Local Gov (SLG) learning series - Part 1	4/5/2022	2.0
CLA 2022 Denver Government & Nonprofit Training Academy	3/29/2022	4.5
CLA 2022 Denver Government & Nonprofit Training Academy	3/29/2022	7.5
Annual GASB update	3/10/2022	2.0
CLA Update on Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Funded by ARPA	1/27/2022	1.0
Business Development the CLA Way 11 Part Series: Part 1	1/24/2022	1.5
Audit Risk Assessment	1/22/2022	3.0
SSAE No. 19 Agreed-Upon Procedures Engagements	1/22/2022	1.0
Building a Business Case for Principal & Signing Director	1/17/2022	1.0
Assurance Perspectives - Q1 2022	1/13/2022	2.0
Coaching in the Opportunity Season 2022	1/13/2022	1.0
Single Audit Update - Q1 2022	1/11/2022	2.0
Audit Report Changes: SAS 134, 135, 137, 139 and 140	1/5/2022	1.0
Wellness Wednesday 2022: January #1 - Benefits & Your Emotional Health	1/5/2022	1.0
		66.5
2023		
State and Local Gov (SLG) Industry Series - June 2023	6/15/2023	1.0
Engaging Our Clients and Markets: Prodigy - Part 2	6/8/2023	1.5
IT in an Audit, SAS 145	6/6/2023	1.0
IT for Auditors	6/6/2023	1.0
State and Local Gov (SLG) Industry Series - May 2023 #2	5/18/2023	1.0
Engaging Our Clients and Markets: Prodigy - Part 1	5/10/2023	2.0
State and Local Gov (SLG) Industry Series - May 2023 #1	5/4/2023	1.0

Compensation & Advancement Process - Leadership Kick Off & Workday Walkthrough 2023	5/3/2023	1.0
Quality Update - Q2 2023	5/3/2023	1.0
Assurance Perspectives - Q2 2023	5/2/2023	1.0
GASB for State and Local Government 2023 - Part 1	4/27/2023	1.0
Single Audit Update - April 2023	4/17/2023	1.0
CLA 2023 Denver Government and Nonprofit Training Academy	3/28/2023	6.0
CLA 2023 Denver Government and Nonprofit Training Academy	3/28/2023	3.0
Single Audit Update - January 2023	1/10/2023	1.0
Leaders Summit 2023	1/5/2023	5.5
		29

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# Paul B. Niedermuller, CPA

CLA (CliftonLarsonAllen LLP)

Principal  
Broomfield, Colorado

303-466-8822  
paul.niedermuller@CLAconnect.com



## Profile

Paul has been in public accounting for 26 years and all his experience has been with governmental and nonprofit clients. He was a partner with a firm in California and joined CLA in 2006. His experience with government organizations include the State of Kansas, Arapahoe County, Adams County, Boulder County, Montrose County, Jefferson County, City of Boulder, City of Ft. Lupton, Town of Parker, Jefferson County School District, Douglas County School District No. RE-1, Adams 12 Five Star Schools, Academy School District 20, Boulder Valley School District, Poudre School District, Lewis-Palmer School District, Weld County School District 6, Adams County School District 14, College Assist, the Colorado Water Conservation Board, and the Colorado Department of Natural Resources.

Paul is a member of the Government Finance Officers Association (GFOA), Colorado Government Finance Officers Association (CGFOA), Colorado Society of Certified Public Accountants, and the American Institute of Certified Public Accountants. Paul is a national instructor in CLA's firm-wide training program. His instruction is focused on governmental accounting, audit methodology, and single audit requirements. Paul is also a frequent speaker at GFOA, CGFOA, and numerous other events.

## Technical experience

- Government audits
- Nonprofit audits
- Compliance audits
- Federal grant financial and compliance audits
- Governmental clients include:
  - Cities and towns
  - School districts
  - Counties
  - Higher education institutions
  - State departments
  - Variety of special districts

## Education and professional involvement

- Bachelor of science in business administration from California Polytechnic State University
- American Institute of Certified Public Accountants (AICPA)
- Colorado Government Finance Officers Association (CGFOA)
- Colorado Society of Certified Public Accountants (COCOA)

## Speaking engagements

- Frequent speaker at GFOA, CGFOA, and numerous other events

## Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. Every two years, a minimum of 24 credits of CPE specifically related to Yellow Book requirements is completed.

Program name	Total applied to period
2021	
GASB Pension Standards Overview	9.0
Achieving Productivity Through Work-Life Balance and Time Management	1.0
Adaptive and Transformative Leadership	1.0
Colorado Rules and Regulations	2.0
GASB 34 - Basic Financial Statements for State and Local Governments	7.0
GASB 84: Fiduciary Activities	1.0
Networking Skills	1.5
2021 Yellow Book and Single Audit update	2.0
10 Habits of highly successful careers	2.0
Best Practices for Working from Home	1.0
Becoming a highly effective performer! Making the best of YOUR time!	1.5
SSAE No. 19 Agreed-Upon Procedures Engagements	1.0
2020 Professional Ethics Update	2.0
Seamless Conference 2021	1.0
CLA Managing Your ARPA Funds	1.0
CLA 2021 Denver Government and Nonprofit Training Academy -Day 2	1.0
CLA 2021 Denver Government and Nonprofit Training Academy -Day 1	1.0

Risk Management Q2 2021	1.0
	37
2022	
GASB 87 Leases	1.0
GASB 87 Leases	1.0
GASB Other Postemployment Benefits (OPEB)	2.0
GASB Statement 87: Leases	2.0
GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund	3.0
Assurance Perspectives - Q4 2022	2.0
Assurance Perspectives - Q3 2022	2.0
Audit: Be in the Know 2022 - Part 2, All Industries	1.0
Audit: Be in the Know 2022 - Part 1, All Industries	1.0
CLA 2022 Denver Government & Nonprofit Training Academy	7.0
Audit Report Changes: SAS 134, 135, 137, 139 and 140	1.0
Audit Risk Assessment	3.0
Assurance Perspectives - Q1 2022	2.0
Single Audit Update - Q1 2022	2.0
Owner Promise Meeting 2022	14.0
	44
2023	
Connect, Inspire, and Grow 2023	12.0
IT in an Audit, SAS 145	1.0
Quality Update - Q2 2023	1.0
Compensation & Advancement Process - Leadership Kick Off & Workday Walkthrough 2023	1.0
State and Local Gov (SLG) Industry Series - April 2023	1.0

CLA 2023 Denver Government and Nonprofit Training Academy	7.0
Leaders Summit 2023	5.5
	28.5

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# Molly Quinn, CPA

CLA (CliftonLarsonAllen LLP)

Manager  
Broomfield, Colorado

303-265-7882  
molly.quinn@CLAconnect.com

## Profile

Molly is a manager with more than four years of regulated industry auditing experience. Her industry specialization includes audits of counties, cities, special districts, school districts, and state agencies, including single audits. Her wealth of knowledge, attention to detail, and years of experience make Molly a valued part of our team.

## Technical experience

- Governmental audits
  - Counties
  - Cities
  - State departments
  - Water, fire, park and sanitation districts
  - School districts
  - Nonprofit organizations
- Single audits performed under the Uniform Guidance

## Education and professional involvement

- Master of accounting from Saint Louis University, St. Louis, Missouri
- Bachelor of science in accounting from Saint Louis University, St. Louis, Missouri
- American Institute of Certified Public Accountants
- Certified Public Accountant in the state of Colorado

## Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. Every two years, a minimum of 24 credits of CPE specifically related to Yellow Book requirements is completed.

Program name	Total applied to period
2021	
Interviewing Techniques for Auditors	1.0
Audit Risk Assessment	3.0
SSARS 25 - Materiality in a Review of Financial Statements and Adverse Conclusions	1.0
Audit Report Changes: SAS 134, 135, 137, 139 and 140	1.0
10 Habits of highly successful careers	2.0
Preparing Financial Statements, Statements of Cash Flow and More	1.0
Audit Sampling	1.0
Materiality / Understanding the Entity	1.5
Colorado Rules and Regulations	2.0
Risk Assessment	1.0
Audit Data Analytics 101	1.0
State and Local Gov (SLG) learning series - Part 5	2.0
LEAP: Experience & Propel Virtual Celebration Conference 2021: Day 3 Experience	1.0
LEAP: Experience & Propel Virtual Celebration Conference 2021: Day 2 Experience	3.5
LEAP: Experience & Propel Virtual Celebration Conference 2021: Day 1	2.0
State and Local Gov (SLG) learning series - Part 4	2.0
CLA 2021 Denver Government and Nonprofit Training Academy -Day 1	3.0
Nonprofit Learning Series #5 – Nonprofit A&A Update	1.0
Internal Controls	1.0
Analytics	1.0
State and Local Gov (SLG) learning series - Part 2	2.0
Nonprofit Learning Series #4 – Beyond Audit & Tax - Seamless #1	1.0
LEAP: Experience Virtual Conference Assurance Town Hall 2021	1.5

Risk Management Q2 2021	1.0
Role of an Assurance In-Charge	1.0
State and Local Gov (SLG) learning series - Part 1	2.0
Nonprofit Learning Series #3 – Common Cybersecurity Issues with Nonprofits	1.0
	41.5
2022	
Coaching and Developing Employees	1.5
Having Difficult Conversations	2.0
Beyond the Basics: Independence and Ethics 2022 – Thriving in a Seamless World	2.0
Persuasive Coaching	1.0
Creating a Coaching Culture	2.5
Holding Your Team Accountable	1.5
Assurance Perspectives - Q4 2022	2.0
Quality Update - Q4 2022	1.0
Culture of Feedback	1.0
Unconscious Bias	1.0
Coaching for Inspired Careers - November 2022	1.0
LEAP 2022: Achieve Technical Learning - Professional Skepticism	2.0
LEAP 2022: Achieve Virtual Conference - Day 2	3.5
LEAP 2022: Achieve Virtual Conference - Day 1	3.5
Coaching in the Promise Season 2022	1.0
Assurance Perspectives - Q3 2022	2.0
Audit: Be in the Know 2022 - Part 2, All Industries	1.0
Audit: Be in the Know 2022 - Part 1, All Industries	1.0
Wellness Wednesday 2022: July #2 - Be Well and Belong	1.0

Single Audit Update - Q3 2022	2.0
Wellness Wednesday 2022: July #1 - Benefits & Your Emotional Health	1.0
State and Local Gov (SLG) learning series - Part 3, GASB 87 - Implementing the Lease Standard	2.5
Wellness Wednesday 2022: June #1 - Benefits & Your Emotional Health	1.0
Quality Update - Q2 2022	1.0
Assurance Perspectives - Q2 2022	2.0
State and Local Gov (SLG) learning series - Part 2: Project Management for Effective Cross-Utilization: Leveraging Our Tools	6.0
LEAP 2022: Achieve Technical Learning - Assurance Panel	1.0
LEAP 2022: Achieve Technical Learning - Developing a Consultative Mindset	2.0
Wellness Wednesday 2022: March #1 - Benefits & Your Emotional Health	1.0
BizOps Audit Prep 2022 - Day 3	4.5
Wellness Wednesday 2022: February #1 - Be Well and Belong	1.0
Assurance Perspectives - Q1 2022	2.0
Wellness Wednesday 2022: January #2 - Be Well and Belong	1.0
Detailed Review Assurance	2.0
	61.5
2023	
LEAP 2023: Propel Assurance - Part 1, Special Situations	1.0
IT for Auditors	1.0
LEAP 2023: Propel Assurance Panel	1.0
State and Local Gov (SLG) Industry Series - June 2023	1.0
IT in an Audit, SAS 145	1.0
Adopting the Standards SAS 143-145	1.0
Assurance Perspectives - Q2 2023	1.0

State and Local Gov (SLG) Industry Series - May 2023 #2	1.0
Coaching for Inspired Careers - May 2023	1.0
State and Local Gov (SLG) Industry Series - May 2023 #1	1.0
Quality Update - Q2 2023	1.0
State and Local Gov (SLG) Industry Series - April 2023	3.0
CLA 2023 Denver Government and Nonprofit Training Academy	6.0
CLA 2023 Denver Government and Nonprofit Training Academy	3.0
	23

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# Michael S. Nyman, CPA, CISA, CISSP, CITP, CRISC

CLA (CliftonLarsonAllen LLP)

Signing Director, Information Technology  
Phoenix, Arizona

602-266-2248

michael.nyman@CLAconnect.com



## Profile

Mike has more than 25 years of experience in planning, developing, performing, supervising, and reviewing information system audits for external financial audits and co-sourced internal audit departments. This includes leading and managing Sarbanes/Oxley Internal Control audits from both management's assessment and the external audit. Mike has served as a specialty advisory services senior manager in the Phoenix office since 2008. Prior to joining CLA, Mike was with Ernst & Young in Phoenix, serving as a technology and security risk services senior manager from 1997 to 2008.

Mike has a working knowledge of the information systems auditing standards as published by the Information Systems Audit and Control Association. He has significant knowledge and experience with the concepts, terminology, capabilities, and application of business and control risk associated with various information systems architectures. Mike has an in-depth understanding of complex business processes with the underlying information security and control issues and is able to concisely and effectively communicate them to the internal and external parties. In addition, he has a well-rounded IT background of infrastructure and development management.

## Technical experience

- Director for CLA for the System and Organizational Control (SOC) reporting group.
- Senior Information Technology assurance manager for the Mountain West region of CLA and Arizona leader of the technology assurance practice.
- Managed the information technology audit portion including the SOX portion of external audit for 20+ SEC clients (Starwood, Hyperion, Microchip, Grand Canyon University, Inter-Tel) and managed the information technology audit portion including the SOX portion of internal audits for five clients (Giant, Northrop Grumman, Blood Systems).
- Managed SOC 1 and 2/SAS 70 engagements for 20 different SOC 1 and SOC 2/SAS 70 reports where we evaluated internal controls at various types of industries (Starwood, Blue Cross Blue Shield of Arizona, Hewlett-Packard and Symantec).
- Supervised IT audits (performed over Government Audit Standards) of governmental agencies and nonprofit agencies.
- Supervised and performed various security assessments at various credit unions and financial institutions, as well as other industries.
- Supervised and performed other IT services like internal audits, IT general and application controls assessments and IT risk assessments.



## Education and professional involvement

- Master's degree in information technology from Brigham Young University, Provo, Utah
- Bachelor of science in accounting from Brigham Young University, Provo, Utah
- American Institute of Certified Public Accountants
- Certified Public Accountant in the state of Arizona
- Arizona Society of Certified Public Accountants
- Information Technology Steering Committee Member (2011-present)
- Information Technology Steering Committee Chair (2014-present)
- Certified Information Systems Auditor
- Certified Information Systems Professional
- Certified Information Technology Professional
- Certified in Risk and Information Systems Control
- Information Systems Audit Control Association
- International Information Systems Security Certification Consortium

## Civic organizations

- Brigham Young University College of Information System's Advisory, Board Member (2008 - present)
- Arizona State University College of Information System's Professional Advisory, Board Member (2003 - present)
- Boy Scouts of America, Scout Leader (2006 - present)

## Continuing professional education

Attends a minimum of 20 credits annually of continuing professional education classes, including a minimum of eight credits of audit and accounting classes, resulting in 120 credits for three-year requirement. Every two years, a minimum of 24 credits of CPE specifically related to Yellow Book requirements is completed.

Program name	Total applied to period
2023	
Wellness Wednesday: Military Connections (April 2023)	1.00
Single Audit Update - April 2023	1.00
State and Local Gov (SLG) Industry Series - April 2023	1.0
SAS Update - April 2023	1.0
BRS Change Management	1.0
Wellness Wednesday: Women's History Month - Enhancing Confidence and Finding Your Voice (March 2023)	1.0

2023 Virtual Conference: IT & Cybersecurity - Day 3 (Higher Ed Track) - Guidelines and Advanced Control Testing for Higher Education Organizations	1.0
2023 Virtual Conference: IT & Cybersecurity - Day 2 (Cyber Controls Track) - SAS 145	1.0
BRS Virtual Conference 2023 - Day 3	3.0
BRS Virtual Conference 2023 - Day 3	3.0
BRS Virtual Conference 2023 - Day 2	4.0
BRS Virtual Conference 2023 - Day 1	4.0
Wellness Wednesday: Black History Month - Our journey to CPA (February 2023)	1.0
	23.00
2022	
Getting Started with Word	4.0
Getting Started with PowerPoint	5.0
Getting Started with Microsoft Excel	4.0
GAAS Guide - Sampling	2.0
XCM: General User Learning	1.0
Cyber Security to Protect Your Company and Your Clients	2.0
Insider Threats - What Every Business Organization Should Know and Do	1.0
2022 Audit Update	4.0
Financial Audit Support Update 2022	2.0
Assurance Perspectives - Q2 2022	2.0
Quality Update - Q2 2022	1.0
2022 Virtual Conference: IT & Cybersecurity (General Session): Town Hall Q&A	1.0
2022 Virtual Conference: IT & Cybersecurity (BRS/SOC Track): SOC Plus	3.0
2022 Virtual Conference: IT & Cybersecurity (BRS/SOC Track): Fieldguide	1.0
2022 Virtual Conference: IT & Cybersecurity (General Session): Human Lie Detectors and the Art of the Interview	1.0

2022 Virtual Conference: IT & Cybersecurity (General Session): IT Strategic Planning & Budgeting	1.0
2022 Virtual Conference: IT & Cybersecurity (BRS/SOC Track): Testing in the Cloud	1.0
2022 Virtual Conference: IT & Cybersecurity (Cyber Controls Track): GLBA Compliance for Higher Ed	1.0
2022 Virtual Conference: IT & Cybersecurity (General Session): Emotional Intelligence & Growth Mindset	1.0
2022 Virtual Conference: IT & Cybersecurity (BRS/SOC Track): Readiness Assessment & Control Identification	1.0
2022 Virtual Conference: IT & Cybersecurity (BRS/SOC Track): SOX	1.0
2022 Virtual Conference: IT & Cybersecurity (BRS / SOC Track): Senior Roundtable	1.0
2022 Virtual Conference: IT & Cybersecurity (General Session): 2022 Strategic Priorities	2.0
2022 Virtual Conference: IT & Cybersecurity (BRS/SOC Track): SOC Planning Risks for Engagements	1.0
Outlaw Overview: BOA, BRS, & Telecom	1.0
Building a Business Case for Principal & Signing Director	1.0
	46.0
2021	
Audit Sampling	1.0
Internal Control Considerations—Focus on Non-profits and Governmental Entities	3.0
ACFE 2020 Fraud Trends in Nonprofits	1.0
Audit Risk Assessment	3.0
2021 not-for-profit accounting & auditing update	2.0
Blockchain and IT Governance	1.5
2022 Yellow Book Update	2.0
2021 Yellow Book and Single Audit update	2.0
Independence and Ethics Update 2021 - Intermediate	2.0
Professional Ethics for Arizona CPAs	4.0

Independence and Ethics Update 2021 - Fundamentals	2.0
Risk Management Q4 2021	1.0
Assurance Quarterly Update - Q4 2021	2.0
Risk Management Q2 2021	1.0
Audit Documentation and Workpaper Review	1.0
IT & Cybersecurity Conference 2021 (GRC Track 2): SOC Panel	3.0
IT & Cybersecurity Conference 2021 (General Session): Conference Wrap Up	1.0
IT & Cybersecurity Conference 2021 (General Session): Network Firewall Configuration & Implementation (Perimeter Basics)	1.0
IT & Cybersecurity Conference 2021 (GRC Track 1): Privacy	1.0
IT & Cybersecurity Conference 2021 (Tech Track): Kerberos and You	1.0
IT & Cybersecurity Conference 2021 (General Session): Breaking Down the GCR/IVA/EPT Silos: Providing Technical Data for the GCR	1.0
IT & Cybersecurity Conference 2021 (GRC Track 1): SOC Testing	1.0
IT & Cybersecurity Conference 2021 (GRC Track 2): AWS Cloud Auditing for SOC	1.0
IT & Cybersecurity Conference 2021 (GRC Track 2): SOC Reporting	3.0
IT & Cybersecurity Conference 2021 (GRC Track 2): AICPA Sampling Methodology Guidance	1.0
IT & Cybersecurity Conference 2021 (GRC Track 1): SOC Planning Forms	1.0
IT & Cybersecurity Conference 2021 (GRC Track 2): Compliance vs. Cybersecurity Risks: Providing Actionable Recommendations	1.0
IT & Cybersecurity Conference 2021 (GRC Track 2): SOC Emerging Reports	1.0
IT & Cybersecurity Conference 2021 (GRC Track 1): SOC EACF and Set-Up	1.0
IT & Cybersecurity Conference 2021: Day 1 General Session	3.0
	49.5

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Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



## B. Sample reports

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members  
Of City Council and City Manager  
City of Fort Collins  
Fort Collins, Colorado

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Collins, Colorado (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund (Consolidated), the Transportation Services Fund, and the Urban Renewal Authority Fund (Consolidated) for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Honorable Mayor and Members  
Of City Council and City Manager  
City of Fort Collins

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Honorable Mayor and Members  
Of City Council and City Manager  
City of Fort Collins

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the modified approach for City streets infrastructure capital assets and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and other schedules as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable Mayor and Members  
Of City Council and City Manager  
City of Fort Collins

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Broomfield, Colorado  
REPORT DATE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members of City Council  
City of Fort Collins  
Fort Collins, Colorado

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Fort Collins (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less

Honorable Mayor and Members of City Council  
City of Fort Collins

severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon, dated REPORT DATE, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **CliftonLarsonAllen LLP**

Broomfield, Colorado  
REPORT DATE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Members of City Council  
City of Fort Collins  
Fort Collins, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Collins (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated REPORT DATE.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Honorable Mayor and Member of City Council  
City of Fort Collins

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

Broomfield, Colorado  
REPORT DATE



Proposal to:

# City of Fort Collins

## Cost Proposal

Request for proposal subject	9835 Financial Audit Services
Firm name	CLA (CliftonLarsonAllen LLP)
Name, address, and telephone number of the contact person	Sam Hellwege, CPA, Principal 370 Interlocken Boulevard, Suite 500 Broomfield, CO 80021-8014 303-439-6082
Date of the proposal	July 21, 2023

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Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



# C. Dollar Cost Proposal

## 1. Total All-Inclusive Maximum Price

### a. Name of Firm

CLA (CliftonLarsonAllen LLP)


### b. Verification statement


I, Sam Hellwege, your engagement principal-in-charge, will serve as the City's primary contact person for this engagement. As a principal of CLA, I am authorized to sign, bind, and commit the firm to the obligations contained in this proposal and the City's RFP. My contact information is:

Sam Hellwege

Office: 303-439-6082 | Email: sam.hellwege@CLAconnect.com

### c. A Total All-Inclusive Maximum

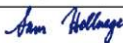


Official Purchasing Document  
Last updated 10/2017 

**APPENDIX A**  
**SCHEDULE OF PROFESSIONAL FEES & EXPENSES**

NATURE OF SERVICE TO BE PROVIDED	MAXIMUM ALL-INCLUSIVE TOTAL PRICE CITY	MAXIMUM ALL-INCLUSIVE TOTAL PRICE LIBRARY	MAXIMUM ALL-INCLUSIVE TOTAL PRICE POUDRE FIRE
2023 Audits of City, Poudre Fire Authority and Library District	\$ 118,230	\$ 9,000	\$ 12,500
2024 Audits of City, Poudre Fire Authority and Library District	\$ 121,800	\$ 9,300	\$ 12,900
2025 Audits of City, Poudre Fire Authority and Library District	\$ 125,800	\$ 9,600	\$ 13,300
2026 Audits of City, Poudre Fire Authority and Library District	\$ 129,300	\$ 9,900	\$ 13,700
2027 Audits of City, Poudre Fire Authority and Library District	\$ 133,200	\$ 10,200	\$ 14,100
Issuance of Consent Letter for a Bond Issue	\$ n/a	N/A	N/A
Verification of Arbitrage at the End of Each • Five-Year Period of a Bond Issue	\$ n/a	N/A	N/A
Verification of Bond Escrow for a Bond Issue	\$ n/a	N/A	N/A
Agreed Upon Procedures Performed in Relation to City's Cable TV Franchise Agreement with Service Provider	\$ n/a	N/A	N/A

Proposer: CLA (CliftonLarsonAllen LLP)

Signature: 

Printed: Sam Hellwege

Address: 370 Interlocken Blvd, Suite 500

City/State/Zip: Broomfield, CO 80021-8014

Phone: 303-439-6082 Email: sam.hellwege@CLAconnect.com

The above proposed maximum all-inclusive total price for the City is inclusive of up to two single audit major programs per year.

RFP 9835 Financial Audit ServicesPage 19 of 32

## 2. Rates by partner, specialist, supervisory and staff level times hours anticipated for each



Official Purchasing Document  
Last updated 10/2017 GP

### APPENDIX B

#### SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR ADDITIONAL SERVICES

This schedule should reflect the hourly rates for any additional work outside the scope of this RFP if the City, Library, or Poudre Fire Authority requests additional services.

	STANDARD HOURLY RATES	QUOTED HOURLY RATES
Partners	\$ 420	\$ 250
Managers	\$ 270	\$ 160
Supervisory Staff	\$ 180	\$ 105
Staff	\$ 140	\$ 80
Other (specify):	\$	\$
	\$	\$
	\$	\$
	\$	\$

#### ADDITIONAL COSTS

Out-of-pocket expenses:	\$ -
Meals and lodging (amount per person per day)	\$ -
Transportation (cents-per-mile)	\$ -
Other (specify): 5% Technology and Client Support Fee*	\$ 5,630
	\$
	\$
	\$

Proposer: CLA (CliftonLarsonAllen LLP)

Signature: *Sam Hellwege*

Printed: Sam Hellwege

Address: 370 Interlocken Blvd, Suite 500

City/State/Zip: Broomfield, CO 80021-8014

Phone: 303-439-6082 Email: sam.hellwege@CLAconnect.com

\*The maximum all-inclusive total price city in Appendix A is inclusive of a 5% Technology and Client Support Fee. Like most firms, we are investing heavily in technology to enhance the client experience, protect our data environment, and deliver quality services. We believe our clients deserve clarity around our technology and client support fee, and we will continue to be transparent with our fee structure.

### 3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel have been provided in the attachment (Appendix B). CLA will accept reimbursement for travel, lodging and subsistence at the prevailing City rates for its employees.

### 4. Rates for Additional Professional Services

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

### 5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's Dollar Cost Proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

Our last word on fees — we are committed to serving you. Therefore, if fees are a deciding factor in your selection of an accounting firm, we would appreciate the opportunity to discuss our scope of services.

At CLA, it's more than just getting the job done.



*We'll get you there.*

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# City of Fort Collins

RFP 9835 Financial Auditing Services

August 16, 2023

# Agenda

Introductions

Firm Profile

Expertise and Capabilities

Service

Team

Questions





## Firm Profile



# The Four Essential Elements of the CLA Promise



## Driven by **Our Values**



# Profile





## Expertise and Capabilities

*The expertise and resources of a national firm, with a small firm feel and personal touch*



# National Footprint

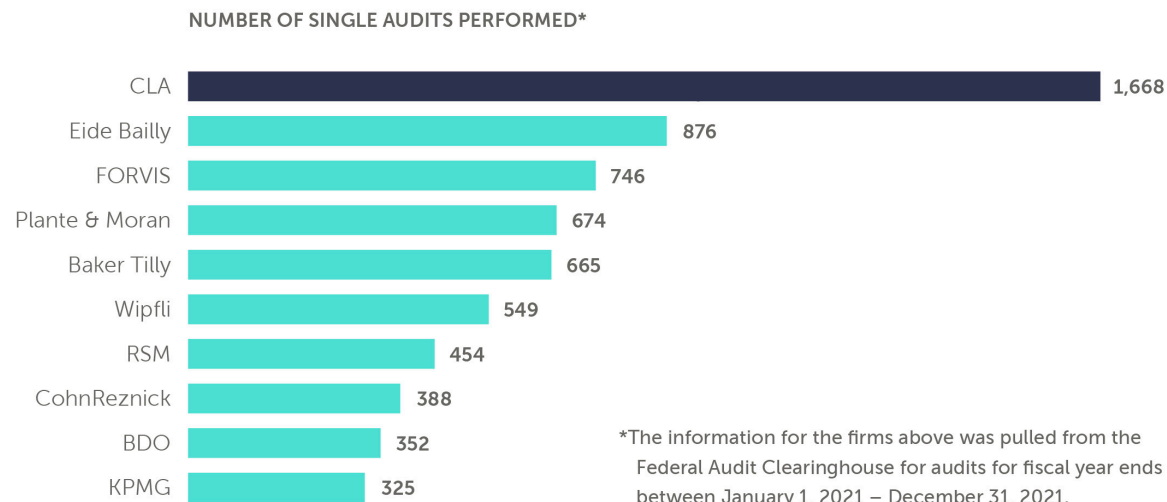
- Backing our team is a top eight firm with the national manpower of over **8,500** people and nearly 130 locations
- We currently provide services to more than **4,200** ***(nationwide)*** state and local governments
- Over **600** professionals dedicated to the state and local government industry
- ***Significant Industry Participation***



# Single Audit Experience

CLA performs ***the most Single Audits*** in the United States of any accounting firm.

- Single Audit Resource Center (SARC) award for *Excellence in Knowledge, Value, and Overall Client Satisfaction* based on independent surveys
- Numerous consulting engagements on the American Rescue Plan Act (ARPA) with other Colorado entities
- Frequent presentations on ARPA and grants at various conferences and events



\*The information for the firms above was pulled from the Federal Audit Clearinghouse for audits for fiscal year ends between January 1, 2021 – December 31, 2021.



# Local Experience

**Your local team** has been a proven leader in providing audit and consulting services to Colorado governments

Team of 100+ professionals that are ***dedicated*** to Colorado governments year-round

Your local CLA team works with hundreds of Colorado governments annually

We have a robust local ***auditing, consulting and outsourcing practice***



# Relevant Experience – Mountain Region

City of Boulder

City of  
Greenwood  
Village

City of Wheat  
Ridge

City of  
Littleton

Adams County

Arapahoe  
County

Boulder  
County

Town of Erie



# Service

*We promise to know and to help you*



# CLA – Service

## November – December

- Planning, risk assessment, evaluating internal control, data analytics, initial Single Audit testing

## March – May

- Substantive test work
- Other required audit procedures
- Single Audit testing
- ACFR Analysis

## June

- Issuance of opinions, single audit report

## August

- Presentation of audit results to Governing Bodies

## Communication throughout the Audit Process

- Weekly status meetings
- Anticipated hybrid approach
- Information exchange to fit your needs
- Communication of testing exceptions, findings, noncompliance early – no surprises



# Year One Transition Plan



# CLA - Service

## Partnering with City of Fort Collins

- Thought leadership
- Checklist resources
- Implementation tools
- Consulting and Accounting Solutions Team (CAST)
- On-site training
- Comment letters on proposed standards
- Best practices and recommendations
- National Assurance Technical Group

# CLA – Service Thought Leadership



*We'll get you there.*



**2023 Denver Government and Nonprofit Training Academy**

ARVADA, CO | March 28 | 8 a.m. – 4:30 p.m. MT

**Recommended CPE:** Up to 7 credits available (1 credit Personnel/Human Resources; 1 credit Information Technology; 1 credit Specialized Knowledge; 2 credits Accounting (Governmental) OR 1 credit Accounting; 1 credit Taxes; 1 credit Economics; 1 credit Behavioral Ethics)

[Register Now](#)

CLA's **complimentary** 2023 Denver Government and Nonprofit Training Academy will take place in person. You'll gain knowledge and insight to help navigate the complex accounting, financial reporting, grant compliance, and operational issues facing governmental entities, higher education institutions, and nonprofits.

See the [event web page](#) for the schedule, speakers, and CPE information.



Webinars



E-newsletter



Industry Articles



Speakers at Conferences (GFOA, CGFOA)



Local trainings



Standard Implementation (GASB 87, 96)





# Team

*Dedicated to the industry*



# Your Team: Wants to Serve

Years of experience serving Local Governments

CHOSE to serve State and Local Governments

Leaders in the industry

National webinars

Articles

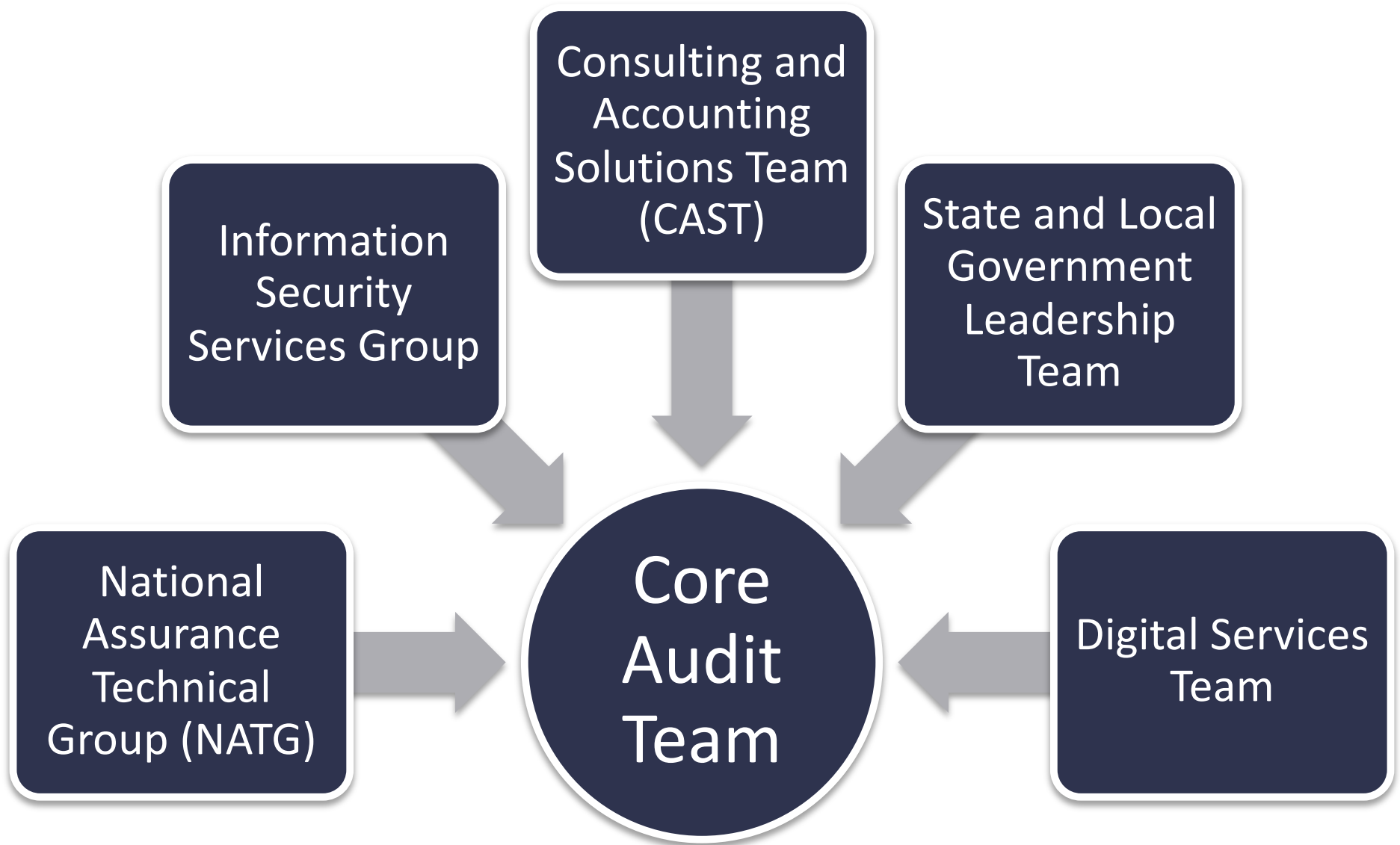
GFOA/CGFOA speakers

Digital solutions

High level of staff retention



# You Deserve All of CLA



# In Conclusion...Why Choose CLA

## Expertise and Capabilities

Extensive knowledge of local government audits

Highly specialized team with ARPA and grant experience

Thought leadership within the industry



## Team

Benefit from staff continuity and specialized GASB expertise

High level of principal and manager involvement

Team dedicated to industry. Continuity of professional relationship.



## Service

Quality and commitment to timelines is our focus

Value-added operational advice = outcome of services

We seek operational excellence in delivery of services



*CLA is Here to Serve You!*



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# CLA

7. What can we expect as the average tenure for the auditors assigned to perform the City's financial audit? How do you effectively manage turnover?

8. How would you explain to lay people what internal controls are and why they are important? Does the presence or absence of good internal controls impact the scope of the audit?

9. Knowing you will be performing financial audits for three separate entities, are you confident you have allocated sufficient resources and time to complete within the required time?

**Post Interview Discussion:**

Assessment Criteria:

- Scope of the proposal and interview
- Assigned personnel qualifications
- Cost and commitment to meet the City's annual audit timeline
- Firm capability & reputation





## A PROPOSAL FOR **City of Fort Collins**

Request for Proposal 9835 Financial Audit Services  
Technical Proposal  
FORVIS, LLP  
Managing Director Marcella D. Ardan, CPA  
1801 California Street | Suite 2900  
Denver, CO 80202  
303.861.4545  
July 21, 2023



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1801 California Street, Suite 2900 / Denver, CO 80202

P 303.861.4545 / F 303.832.5705

[forvis.com](http://forvis.com)

## Transmittal Letter

July 21, 2023

Mr. Gerry Paul  
Purchasing Director  
City of Fort Collins  
215 N. Mason Street | 2nd Floor  
Fort Collins, CO 80522

Dear Mr. Paul:

The City of Fort Collins (the City) is no stranger to the complex challenges that come with serving the public. Aging infrastructure, constant regulatory updates, budgetary constraints, and recent staff turnover are just a few of the issues the City has to address as you work to satisfy demand for your services and citizen needs. Navigating this environment can be difficult without a professional services firm with extensive public sector experience to continue providing helpful guidance and tools you require. **FORVIS** is still here for the City as your trusted advisor to provide year-round communication from professionals with significant public sector experience, and because of this experience, as well as other differentiators mentioned throughout this proposal, we believe FORVIS is best qualified to perform the City's engagement.

We understand the City's request for a Financial Statement Audit in Accordance with *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) for the years ending December 31, 2023, 2024, 2025, 2026, and 2027. We stand ready to proceed according to your timeline. This proposal is a firm and irrevocable offer for 60 days.

FORVIS, a new firm combining legacy firms, BKD, LLP and Dixon Hughes Goodman LLP both with established track records of focused accounting and consulting experience, can provide the City with the industry-specific insight and knowledge you deserve. Please see additional information regarding this merger on page 4 of the detailed proposal.

At FORVIS, we have a client-centered service approach and commitment to industry specialization. Our professionals choose the industry they work in and have a passion for it. Your proposed engagement team has experience serving public sector entities, many of which are comparable in size to the City, so you can be confident we understand the complexities of the public sector and stay apprised of trends to better serve the City.

The City is an important client, we place great value on extending our working relationship, while maintaining our independence. We believe we have responded to your request with a proposal that will allow our experienced professionals to continue providing timely, efficient, and objective services. To discuss any questions, you may have regarding this proposal, you may reach us at 303.861.4545, or by email as provided below.

Respectfully Presented,

Marcella D. Ardan, CPA  
Managing Director  
[marcie.ardan@forvis.com](mailto:marcie.ardan@forvis.com)

Anna Thigpen, CPA  
Director  
[anna.thigpen@forvis.com](mailto:anna.thigpen@forvis.com)

# Detailed Proposal

For the City of Fort Collins' (the City) convenience, **FORVIS** has structured our proposal according to the requirements in your RFP. We believe our proposal will demonstrate our qualifications to provide a Financial Statement Audit in Accordance with *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) for the years ending December 31, 2023, 2024, 2025, 2026, and 2027 for the City.

INFORMATION CONTAINED IN FORVIS' RFP RESPONSE, WHICH IT ASSERTS AS CONFIDENTIAL, IS EITHER BUSINESS AND/OR PROPRIETARY TRADE SECRET INFORMATION NOT SUBJECT TO DISCLOSURE AS SET FORTH IN THE STATE OF COLORADO OPEN RECORDS ACT. SUCH CONFIDENTIAL INFORMATION HAS INDEPENDENT ECONOMIC VALUE TO FORVIS, IS NOT REASONABLY ASCERTAINABLE BY THIRD PARTIES, AND IS THE SUBJECT OF REASONABLE EFFORTS BY FORVIS TO MAINTAIN ITS SECRECY AND/OR CONFIDENTIALITY. SUCH INFORMATION IN THIS PROPOSAL SHALL BE DESIGNATED WITH AN ASTERISK (\*).

## 1. General Requirements

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

**THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.**

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed Dollar Cost Proposal). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

FORVIS understands.

## 2. Independence

The firm should provide an affirmative statement that is independent of the City as defined by generally accepted auditing standards/the U.S. Government Accountability Office's *Government Auditing Standards* (1994).

The firm also should provide an affirmative statement that it is independent of all of the component units of the City as defined by those same standards. The City currently has one component unit, the Fort Collins Downtown Development Authority, whose budget and any issuance of debt requires approval of the Fort Collins' City Council.

To the best of our knowledge, FORVIS is independent with respect to the City and its component unit as defined by:

- The Code of Professional Conduct of the American Institute of CPAs (AICPA)
- U.S. Government Accountability Office's *Government Auditing Standards*

We are not aware of any relationship that would impair our independence.

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

FORVIS has provided audit services for the City for the past five years. However, no relationship exists that would constitute a conflict of interest relative to performing the proposed audit.

FORVIS will provide written notice to the City Council Finance & Audit Committee if any professional relationships are entered into that would compromise our independence.

### 3. License to Practice in the State of Colorado

**An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in the State of Colorado.**

FORVIS is properly licensed to practice public accounting in the state of Colorado. All key professionals who would be assigned to your engagement are properly registered/licensed to practice in the state of Colorado.

### 4. Firm Qualifications & Experience

**The proposer 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.**

#### Firm Size

FORVIS is a top 10 public accounting firm in the United States. As of November 2022, we serve 72 markets across 27 states, Canada, the UK, and Cayman Islands<sup>^</sup>. Our CPAs, advisors, and dedicated staff serve clients in all 50 states, including clients with international operations.

<sup>^</sup>Services outside the United States are provided through our subsidiaries and/or affiliates.

#### Governmental Audit Staff Size

FORVIS has approximately 400 professionals who are dedicated to providing services to clients in the nonprofit, governmental, and higher education industries, including audit services to governmental entities.

#### Location

The City's requested services will be provided primarily by our Denver office.

FORVIS

1801 California Street | Suite 2900  
Denver, CO 80202

#### Number & Nature of Staff

We anticipate providing one managing director and one director on a full-time basis as well as a managing director(s) to serve as concurring reviewers on a part-time basis to complete the City's audit.

## Financial Standing

FORVIS' chief financial officer takes personal responsibility for the thoroughness and correctness of the following financial information:

- FORVIS' capital structure is 100% partner financed; our partnership agreement requires partners to maintain capital accounts, which are reviewed annually to verify the firm has sufficient capital to finance operations, capital expenditures, expansion, etc. FORVIS has no outstanding bank debt.
- Our Employees' Savings Trust Retirement Plan is a defined contribution plan with 401(k) contributions funded after each payroll, as well as profit sharing contributions funded annually at the end of the fiscal year; payments to retired or withdrawn partners are limited under our partnership agreement to a low percentage of firm net income.
- Our system of financial and budgetary controls provides for timely monthly financial statements; each month, management compares actual financial data to the current year's budget and to the previous year's figures; on a daily basis, management can monitor the firm's financial performance and adopt appropriate strategies to meet changing conditions.

We are confident our financial house is in order, and our partners are committed to keeping it that way.

**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.**

FORVIS is not a joint venture or consortium.

**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 government engagements.**

FORVIS is committed to providing quality audit services to our clients, and we submit our work to external reviewers who challenge our approach and findings. The AICPA's peer review program assists us in confirming our process works and identifying potential areas for improvement that could enhance our audit quality.

Our legacy firms, BKD, LLP and Dixon Hughes Goodman LLP, regularly participated in these reviews once every three years as required by the AICPA. As the predecessor entity for peer review purposes, a copy of BKD's most recent AICPA peer review report, with the rating of "Pass"—the best rating available under current peer review standards—is contained in the Appendix.

This peer review included inspection of BKD's engagements performed under Government Auditing Standards.

**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.**

From time to time, selected audit engagements are subject to desk review by federal or other regulators. All such reviews during the past three years have shown our work to be generally satisfactory, and no disciplinary or other administrative proceedings have resulted from those reviews. There have been no disciplinary actions taken against FORVIS by the AICPA or any regulatory or licensing agency in the past three years.

Please note that FORVIS, LLP was formed on June 1, 2022, through a merger between BKD LLP ("BKD") and Dixon Hughes Goodman LLP ("DHG"). The foregoing responses also apply to BKD and DHG. More information about the merger can be found here: <https://www.forvis.com/news-releases/forvis-begins-serving-clients-newest-top-10-professional-services-firm>.

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

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in the State of Colorado. 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.

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. Indicate how the quality of staff over the term of the agreement will be assured.

### Team Biographies & Experience

We take team selection seriously and have the appropriate team of advisors to meet your needs. Previous experience is a primary determinant for assigning professionals to your engagement, and we have assigned individuals who are experienced in working with public sector entities to your engagement. As mentioned, all key professionals who would be assigned to your engagement are properly registered/licensed to practice in the state of Colorado.



<b>Marcella D. Ardan, CPA</b> Lead Audit Managing Director	303.861.4545 marcie.ardan@forvis.com
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Marcie is a member of FORVIS' Public Sector Practice and Education Practice and leads these industries in FORVIS' Colorado and Salt Lake City offices. She has 17 years of governmental accounting and auditing experience providing audit, assurance, and consulting services to public sector entities, including cities and counties, library and school districts, colleges and universities, utilities, state agencies, government investment pools, and other tax-exempt organizations.

In addition to overall audit and attest services, she regularly assists clients with federal grant compliance, internal control questions, agreed-upon procedures, new accounting standards implementation, and identifying whether financial reports meet the requirements of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. She also has significant experience with Single Audits of federal grant awards and is familiar with the requirements of the Uniform Guidance.

Marcie has conducted presentations on new accounting standards and pronouncements, risk management, developing financial policies and procedures, financial reporting, and Single Audits for the American Institute of CPAs (AICPA), Colorado Government Finance Officers Association (CGFOA), and FORVIS' public sector seminars. She has also developed a training specific to grants management.

She is a member of the AICPA, COCPA, and CGFOA, and participates in the AICPA's Enhanced Oversight Program for Single Audits. Marcie serves on the Public Sector Center of Excellence, an internal committee of leaders from across the firm who discuss a variety of issues important to public sector clients. She also serves on various FORVIS internal inspection teams and external peer review teams. Marcie is a graduate of FORVIS' SKY initiative, which supports the development of women in the public accounting industry, and a graduate of the Praxity Emerging Leaders Academy.

Marcie is a 2004 graduate of University of Northern Colorado, Greeley, with a B.S. degree in business administration with an emphasis in accounting.

Marcie received approximately 230 hours of continuing professional education (CPE) training in 2020, 2021, and 2022.



**Jodie L. Cates, CPA**  
City Concurring Reviewer

303.861.4545  
jodie.cates@forvis.com

Jodie has more than 25 years of accounting and audit experience, including four years with an organization subject to Single Audit requirements. She is a member of FORVIS' Nonprofit Practice, Public Sector Practice, and Education Practice, dedicating the majority of her time to the Public Sector Practice.

She provides audit and other advisory services to school districts, charter schools, utilities, state agencies, cities and counties, colleges and universities, and various tax-exempt organizations. Her areas of expertise include compliance and controls for Single Audits of federal grant awards and implementing new GASB accounting standards. She also is very familiar with the Government Finance Officers Association (GFOA) certification program for Annual Comprehensive Financial Reports.

Jodie has conducted presentations for the Colorado GFOA and internal and external FORVIS seminars and has served on various FORVIS governmental committees, and internal inspection teams.

She is a member of the American Institute of CPAs, Colorado Society of CPAs, and Colorado GFOA. She is very active in her community and has served as treasurer for various organizations.

Jodie is a 1991 graduate of Oklahoma State University, Stillwater, with a B.S. degree in business administration.

Jodie received approximately 158 hours of CPE training in 2020, 2021, and 2022.



**Steven W. Sauer, CPA**  
Library District & Fire Authority Concurring Reviewer

719.471.4290  
steve.sauer@forvis.com

Steve is a member of FORVIS' Nonprofit Practice and Public Sector Practice. For more than 16 years, he has served a variety of domestic and international nonprofits and municipalities. He leads Colorado's nonprofit attestation group and Colorado's nonprofit advisory group, which includes services such as outsourced chief financial officer and controller engagements, grants management, internal control and operational assessments, peer-to-peer benchmarking, best practice reviews, software selection, and on-demand training/educational/governance resources.

He is a frequent presenter, trainer, and panelist for nonprofit industry groups, including the Colorado Nonprofit Association, Utah Nonprofits Association, and Colorado Society of CPAs (COCPA), as well as governmental industry groups, including State Employees Leading Colorado and COLOTRUST (a local government investment pool). Steve is a regular author and instructor for FORVIS' nationally acclaimed **FORsights™** as well as the firm's annual nonprofit and public sector seminars. He has served on a variety of internal office inspections as well as firmwide task forces to research and implement significant standards changes, including FASB's Revenue from Contracts with Customers and Presentation of Financial Statements of Not-for-Profit Entities and the AICPA's Group Audit standards.

Steve is a member of the American Institute of CPAs and COCPA. He currently serves as treasurer for Village Seven Presbyterian Church and for Disabling Barriers (a Colorado Springs grant-making foundation). Steve is a 2013 graduate of the Leadership Pikes Peak Leadership NOW! program, which is designed to train participants in leadership and civic-minded skills.

He is a 2007 *magna cum laude* graduate of University of Northern Colorado, Greeley, with a B.S. degree in business administration with an emphasis in accounting.

Steve received approximately 173 hours of CPE training in 2020, 2021, and 2022.

**Anna Thigpen, CPA**

Audit Director

303.861.4545

anna.thigpen@forvis.com

Anna has more than 15 years of governmental accounting and auditing experience, spending the majority of her time in the governmental practice. As a member of FORVIS' Public Sector Practice, she provides audit and attest services to a wide variety of governmental clients, including municipalities, school districts, library districts, state departments, and utility organizations.

As audit director, she is responsible for overseeing and reviewing all audit phases, including planning, risk assessment and reporting. She has extensive knowledge in Single Audit compliance and helps clients navigate the complex requirements of federal guidelines under the Uniform Guidance.

Throughout Anna's career she has presented on a variety of accounting topics at FORVIS' governmental seminars, Colorado Government Finance Officers Association (CGFOA), and the Colorado Department of Education's Charter School Program's Finance Seminar, as well as various internal trainings.

She is a member of the American Institute of CPAs, Colorado Society of CPAs and CGFOA.

Anna serves on the Town of Firestone Finance Committee, an advisory committee to the board of trustees concerning town finances, budget, and financial reporting. In addition, she has served on the firm's Colorado Foundation Committee and Engagement Council and was a participant in the 2016-2017 Leadership Weld County program.

She is a 2007 graduate of University of Northern Colorado, Greeley, with a B.S. degree in business with an emphasis in accounting.

Anna received approximately 174 hours of CPE training in 2020, 2021, and 2022.

## Audit In-Charge

The following individuals provide audit services to a variety of governmental clients, including municipalities, state departments, school districts, charter schools, benefit plans, and higher education institutions. They have extensive experience with a wide range of compliance and control testing under the Uniform Guidance.

As an audit in-charge, they would lead the client engagement process, including the supervision and training of the audit team, review of the audit workpapers, and communication with the client, audit managers, and partners.

The in-charge accountant for the audit is subject to discussion between FORVIS and the City. One of these individuals would be selected based on your preference, availability, and the timing of the work.



MIKE COLLINS



STACY CHARLEY



CALVIN GOOD



HAILEY HINSON



DEJA MEDDAH



BROOKE LANGFORD



REED LARSEN



AUDRA NELSON



GRANT SCHUMM

## Continuing Professional Education

Our audit professionals are required to receive at least 120 hours of continuing professional education (CPE) every three years. FORVIS professionals receive training from an annual internal industry seminar, internal webinars, and other external sources.

For auditors involved with audits performed under *Government Auditing Standards*, this education includes the hours required to comply with *Government Auditing Standards Yellow Book* guidance. All individuals, including specialists involved in performing fieldwork on *Government Auditing Standards* audits, are required to obtain at least 24 hours of CPE every two years in subjects directly related to governmental auditing or the governmental environment. In addition, engagement team members responsible for planning, directing, or reporting on *Government Auditing Standards* audits who spend more than 20% of their time performing *Government Auditing Standards* audits also are required to complete a minimum of 80 hours of CPE every two years that directly enhances their professional proficiency to perform audits.

## Recognized Learning & Development

Keeping up with the latest industry developments and a rapidly changing regulatory environment requires significant time and resource investments. At FORVIS, we make those investments so you can depend on our professionals for technical knowledge and strategic guidance. In fact, FORVIS has been repeatedly recognized for the outstanding learning and development programs we've designed for our professionals.

**Training** magazine ranked FORVIS as a winner in the 2023 Training APEX Awards (formerly the Training Top 100), marking our tenth consecutive year for earning this premier distinction among other elite organizations from across the world. In addition, FORVIS has been a recipient of the LearningElite award from **Chief Learning Officer** magazine for the past seven years, earning Gold or Silver recognition since 2018.



2023 WINNER

**The proposer should identify the extent to which staff to be assigned to the audit reflect the City's commitment to Affirmative Action.**

FORVIS has an affirmative action plan in place and understands our obligation to comply with all applicable federal, state, and local laws and regulations governing nondiscrimination in the workplace and providing equal employment opportunity. FORVIS prohibits discrimination in employment on the basis of an individual's age, race, color, sex, sexual orientation, gender identity, national origin, religion, genetic information, disability, protected veteran status, and other protected classifications. This policy is

designed to ensure equal employment opportunities including, but not limited to, recruiting, hiring, training, promotions, pay practices, benefits, disciplinary actions, and terminations.

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

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

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

In the event we are required to make a change to any key personnel assigned to your engagement, we will discuss this with you to explain the circumstances and proposed change. Your lead audit Managing Director, Marcie Ardan, will be coordinating personnel changes. We generally do not remove key personnel from an audit once it has begun, but occasionally employee turnover or other events beyond our control require such a change. If a personnel change is required, we are confident we can provide a qualified replacement to complete your audit with limited interruption.

We understand engagement team members, consultants and firm specialists mentioned in our response to this RFP can only be changed with the prior express written permission of the City, which retains the right to approve or reject replacements.

## 6. Prior Engagements with the City

**List separately all engagements within the last five years, ranked on the basis of total staff hours, for the City by type of engagement (i.e., management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.**

**City of Fort Collins**  
Scope of Work: Financial Statement Audit including Single Audit - City  
Date: 2018 - 2022  
Engagement Partner: Chris Telli  
Total Hours: 915  
Office: Denver  
Mr. Chris Telli  
303.861.4545

**Poudre River Public Library District**  
Scope of Work: Financial Statement Audit  
Date: 2018 - 2022  
Engagement Partner and Director: Chris Telli and Anna Thigpen  
Total Hours: Included in City audit above  
Office: Denver  
Mr. Chris Telli and Ms. Anna Thigpen  
303.861.4545

**City of Fort Collins**  
Scope of Work: Agreed Upon Procedures – Landfill and Transit  
Date: 2018  
Engagement Director: Anna Thigpen  
Total Hours: 21  
Office: Denver  
Ms. Anna Thigpen  
303.861.4545

**Poudre Fire Authority**  
Scope of Work: Financial Statement Audit  
Date: 2018 - 2022  
Engagement Partner and Director: Chris Telli and Anna Thigpen  
Total Hours: Included in City audit above  
Office: Denver  
Mr. Chris Telli and Ms. Anna Thigpen  
303.861.4545

## 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 - 5) performed in the last five years that are similar to the engagement described in this request for proposal. 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.

We have a track record of helping similar entities and understand our clients are our best ambassadors. Listening to us helps, but hearing directly from your peers can be a meaningful step in your decision-making process. We encourage you to reach out to the following clients to discuss FORVIS' services and capabilities at your convenience.

### City of Aurora

Scope of Work: Financial Statement Audit, Single Audit, Agreed-Upon Procedures  
Date: 2007 – Present  
Engagement Managing Director/Director: Marcie Ardan and Karmyn Jeffries  
Total Hours: 1,151  
Ms. Terri Velasquez, CPA, CPFO  
303.739.7780

### City of Colorado Springs

Scope of Work: Audit, Single Audit, Stand-alone/Component Unit Audits (5) AUP, Passenger Facility Charges of Municipal Airport  
Date: 2013 – Current  
Engagement Partner: Chris Telli  
Total Hours: 800  
Ms. Charae McDaniel  
719.385.5856

### City of Westminster

Scope of Work: Audit, Single Audit, AUP  
Date: 2011 – Current  
Engagement Managing Director/Director: Marcie Ardan and Karmyn Jeffries  
Total Hours: 585  
Ms. Cheri Sanchez  
303.658.2062

### City of Arvada

Scope of Work: Audit, Single Audit, AUP  
Date: 2013 – Current  
Engagement Managing Director: Jodie Cates  
Total Hours: 560  
Mr. Bryan Archer  
720.898.7120

### Town of Castle Rock

Scope of Work: Audit and Single Audit  
Date: 2013 – Current  
Engagement Managing Director: Marcie Ardan  
Total Hours: 540  
Ms. Trish Muller  
303.660.1353

## 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 proposal. In developing the work plan, reference should be made to such sources of information as City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

### Financial Statement Audit in Accordance with *Government Auditing Standards* & the Uniform Guidance

Auditing standards set the technical requirements for our process, culminating with the expression of our opinion on the presentation of your financial statements. Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### The FORVIS Audit Experience

While auditor selection should start with evaluating technical competence, it also should extend to your expectations for a service experience. Your audit experience includes how your engagement is managed, how you and your team are treated, the quality and timeliness of communication you receive, and your confidence in the results and guidance you receive. FORVIS' philosophy emphasizes independence, integrity, and quality, and we have a strong commitment to providing high quality service, through a knowledgeable engagement team.

### Executing the Audit

Once we have established our overall process and communication plans with you, the detailed work can begin. Key elements of that work include:

#### Risk Assessment

We will identify and assess risks of material misstatement in your financial statements, including those from potential fraud. Our work is supported by building a strong understanding of your business environment through documents you provide including internal policies and procedures and by gathering information through interviews and tests for significant transaction cycles.

#### Assessing IT Risks

For clients with complex systems, our risk assessment also includes a more focused evaluation of your IT systems including but not limited to JD Edwards, CIS, Accela, and GovOS. Entities with greater IT risk often manage high-volume, automated transactions or otherwise rely heavily on how systems create and manage data that affects financial statement amounts and disclosures. In your environment, obtaining a strong understanding of your systems is important, and our feedback may help you evaluate your own risks. In addition to using our traditional auditors, we may engage professionals from our Risk Consulting practice to assist in that evaluation. These individuals can offer focused experience with specific systems or with overall IT matters such as logical security, change management, computer operations, and other areas where risk and fraud relevant to financial reporting can occur.

#### Audit Design

Based on risks identified, we will design an audit approach specific to your organization. This tailoring takes into consideration the uniqueness of your operations, the design of internal controls you have implemented, and the nature of financial statement amounts and disclosures. We will review your internal control policies and procedures as well as City Council minutes. We consider whether matters are truly important (materiality), as well as obtain input about concerns from management/Finance & Audit Committee to design the tests we will perform.

## Gathering Evidence

Once the plan is complete, we will execute the audit through a combination of on- and off-site work performed in accordance with the agreed-upon timeline.

## Reviewing the Work

Critical to our process is a review of the team's work by our engagement executive, as well as a quality review by another executive who is independent from the detailed work. The quality review is designed to improve our deliverable by providing a fresh perspective and reinforcing quality.

## Sharing Our Results

We base our audit opinion on the evidence gathered and then communicate our findings. Professional standards drive the content of our opinion and the required communication about any deficiencies and other items we may identify during the audit. Beyond these requirements, we share results formally through our letters and presentations to management/Finance & Audit Committee, as well as opportunities for improvement through conversations during the audit process.

## Compliance Audit in Accordance with the Uniform Guidance

FORVIS performs hundreds of Single Audits annually, focusing on two objectives: first, an audit of your financial statements and reporting on the Schedule of Expenditures of Federal Awards (SEFA) in accordance with *Government Auditing Standards*, and second, a compliance audit for federal awards expended during the fiscal year in accordance with the Uniform Guidance.

Many of our nonprofit and governmental clients receive federal funding. Our extensive experience with compliance testing in accordance with the Office of Management and Budget (OMB) requirements can help provide the City with a Single Audit performed properly and submitted on time.

## Our Approach

During our audit procedures of federal award programs, we do not simply look for findings to report. We look for opportunities to advise you of more efficient ways to comply with federal regulations to reduce the risks of sanctions or reduced funding. FORVIS has developed contacts at federal agencies and has been able to work cooperatively with these agencies to help clients resolve or avoid issues.

Entities subject to the Uniform Guidance and *Government Auditing Standards* will benefit from FORVIS' specially designed audit programs, checklists, and database of federal audit programs.

Identification and testing of your federal programs will be performed primarily during interim fieldwork, which will typically be performed before your fiscal year-end. We have found this to be the most efficient manner in which to perform our audit services when the additional Uniform Guidance requirements are present.

## Training Requirements for Single Auditors

The City can have confidence in FORVIS auditors' experience in testing federal funding subject to the Uniform Guidance. Our audit professionals are required to receive at least 120 hours of CPE every three years and, for auditors involved with audits performed under *Government Auditing Standards*, this education includes the hours required to comply with *Government Auditing Standards Yellow Book* guidance. Staff members attend a series of core audit and accounting courses over the first four years of their careers. Staff subsequently receive additional training on accounting and auditing for the nonprofit and governmental environment.

## Broad Audit Risk Considerations

Some risk considerations apply across nearly all of our audits. We pay particular attention to the following items:

### Significant New Accounting Standards

Every organization must assess the applicability and effects of new accounting rules. Significant standards with upcoming or recent broad applicability include:

#### **GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (GASB 96)***

The standard defines a subscription-based information technology arrangements (SBITA), establishes that a SBITA would result in a right-to-use (RTU) asset and a corresponding liability, provides capitalization criteria, and requires new note disclosures. The statement's language and concepts closely mirror the lease guidance provided in Statement 87, *Leases*. This statement requires governments report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The requirements of this statement are effective for the City's December 31, 2023 reporting period. SBITA assets and liabilities should be recognized and measured using the facts and circumstances at the beginning of the fiscal year of implementation. Governments are permitted—but not required—to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation.

#### **GASB Statement No. 101, *Compensated Absences (GASB 101)***

GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled. A liability for compensated absences should be accounted for and reported on a basis consistent with governmental fund accounting principles for financial statements prepared using the current financial resources measurement focus. GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of GASB 101 are effective for the City's December 31, 2024 reporting period. Earlier application is encouraged. The changes adopted at transition to conform to the provisions of GASB 101 should be reported as a change in accounting principle in accordance with Statement No. 100, *Accounting Changes and Error Corrections*, including the related display and disclosure requirements.

### Significant Accounting Estimates

Nearly all financial statements have significant estimates in amounts and disclosures, even when not readily apparent.

Estimates may include amounts ultimately collectible from third parties, expected losses or costs occurring at a specific amount and time, etc.

We will gather information supporting management's estimates and challenge key assumptions used to develop these amounts. We also will test estimates on available data and historical trends and document our conclusions on the reasonableness of recorded amounts.

## **Risk of Management Override of Controls**

When considering fraud, auditing standards require evaluating the risk that management could override existing controls. We will perform interviews of selected individuals, apply an element of unpredictability in our testing, and brainstorm as a team to evaluate risks and possible actions based on our observations. We also will perform journal entry testing, review estimates for bias and significant changes, and consider the business rationale for significant unusual transactions.

## **Procedures & Risks Specific to the Public Sector**

Audit procedures can vary, but they often include traditional observation, sampling and testing combined with more advanced deployment of technology for trend analysis, summarization of documents and assessment of large data sets.

Our work with hundreds of clients in the public sector means our advisors are very familiar with entities similar to the City. While no two audits are the same, certain activities are common to governmental entities. Specific risk areas for the City are likely to include:

### **Investments**

This is a significant audit area due to the risks associated with the proper and timely valuation of investments. We employ a variety of audit procedures in this area, including the use of third-party confirmations, obtaining an understanding of management's assessment of fair values, fair market value testing to published sources. In addition, we evaluate the disclosure requirements and the adequacy of completeness and accuracy of the disclosures.

### **Accounts Receivable & Deferred Inflows of Resources & Unearned Revenue**

These areas often are a significant risk due to the subjective nature of the City's estimate for the allowance for doubtful accounts and the proper recognition of revenue for funds that report using the modified accrual basis of accounting and the current financial resources measurement focus that is consistent with the City's policy. We will test the cutoff of various revenue sources, such as taxes, government grants and customer utility accounts, and review the revenue journal both before and after year end. We may confirm significant accounts receivable, as well as a sample of others to test both existence and proper classification, if considered necessary. In addition, we will test deferred inflows of resources by reviewing subsequent collections and perform various analytical procedures to test both completeness and proper classification of the balances, consistent with the City's policy of recognizing revenue on the modified accrual basis of accounting.

### **Capital and Lease Assets**

We will audit the capital asset rollforward activity of each opinion unit, focusing on significant additions and disposals during the year. Current-year additions will be tested to appropriate supporting documentation. A review of repair and maintenance accounts will be performed to help identify whether material additions have been capitalized. New lease agreements will be reviewed to identify whether they have been accounted for properly. Depreciation expense also will be tested for reasonableness, and certain analytical procedures will be performed on the capital outlay line items for governmental funds associated with the conversion to government-wide reporting.

### **Long-Term Debt**

We review debt documents to help gain an understanding of the flow of funds prescribed for any pledged revenues and significant debt covenants. We review the covenants and obtain evidence through inquiry and other means, including the recalculation of any financial covenants, to support the conclusion that all covenants have been met and all debt service payments have been made on time. We also will confirm the annual payment activity and ending balances of certain bonds and notes payable with trustees. In the case of any refunded debt in the year being audited, we will recalculate the accounting gain or loss by reviewing trustee statements and bond documents to test for proper classification and footnote disclosures. We also will inquire about your policy on reviewing each bond and note for applicable IRS arbitrage requirements, prepare a list of bonds and notes subject to IRS arbitrage requirements and the most recent arbitrage calculation prepared for each bond and challenge the calculation performed to test for completeness and obligations of the City.

## **Net Position/Fund Balances**

Procedures we perform in this area include vouching (or cross-indexing to work performed in other areas) of significant increases and decreases to net position, recalculation of net investment in capital assets for enterprise funds and government-wide statements, review of documentation supporting the establishment and classifications of new accounts and testing of various nonspendable, restricted, committed and assigned fund balance accounts based on supporting documentation of donor and grantor agreements, enabling legislation, formal actions of City Council, such as ordinances and resolutions and other formal policies.

## **Revenue Recognition**

Professional standards include a rebuttable presumption that for each audit, there is a risk of material misstatement due to fraud relating to improper revenue recognition. Our approach is to gain an understanding of the revenue recognition criteria and policies and then perform a variety of inquiry, analytical and substantive audit procedures to confirm our understanding.

## **Uniform Guidance Testing**

We will discuss with management and review the preliminary SEFA as of an interim date to identify the likely major programs for testing. We will perform the majority of our testing prior to year-end and will share our results with you prior to final fieldwork. During final fieldwork, we will assess whether there are any additional major programs that would require testing and conclude our compliance and internal control procedures related to OMB's Uniform Guidance expenditures in agreement with the conclusion of the audit of the financial statements.

## **Utility Receivables & Unbilled Revenues**

We will use several methods to audit your receivables and the estimate of unbilled revenues, including using look-back reports, reviewing historical collection methods, and assessing of the aging and payor mix of your accounts receivable detail. We will analytically review key ratios such as days in accounts receivable and charge-off rates compared to industry averages and prior year results to help us reach our audit conclusions. We will work with your team before year end on the allowance to see that we understand your methodologies and conclusions.

Finally, we use data analysis software to test subsequent billings and receipts and the accuracy of revenue cutoff to help validate the year-end accounts receivable balance and any unbilled revenue amounts.

## **Pensions**

Due to the subjective nature of the estimation processes associated with determining the estimated pension liabilities, we will obtain and test the specific actuarial calculations for pension(s). First, we will evaluate the professional qualifications and reputation of the actuary. We will read the actuarial reports to obtain an understanding of the methods and assumptions employed. Select testing of the underlying data used in the calculation will be performed. We will evaluate the valuation, cost, and amortization methods for consistency. The other significant underlying assumptions such as discount rates, rates of return and medical cost trends will be compared with independent external studies of assumptions by such noted organizations as Milliman Medical Index, SEI Pension Accounting Research Series and the Towers Watson annual healthcare trend survey.

## **Budgetary Compliance**

We will ensure that budgetary statements for major funds agree to the original and amended budget approved by City Council and ensure that actual budgetary statements are consistent with audited financial statements including the reconciliation to GAAP basis.

## IT

We may use IT audit professionals and employ audit procedures to test whether the controls within your IT environment are sufficient to allow us to rely on the information generated by your IT platform. These tests will include identification of critical internal controls, detailed walkthroughs of transactions, testing the functionality of the key IT controls identified and review of change management protocols, access controls and overall IT security.

### 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

Proposed Audit Segmentation	Estimated Hours	Staff Level
Risk assessment procedures, including meetings with officials and staff, preliminary analytics, review minutes, and design of audit procedures based on assessed risks	50	All Professionals
Document and evaluate internal controls	30	In-Charge & Associate(s)
Substantive procedures and analytical review techniques	290	In-Charge & Associate(s)
Review prepared Annual Comprehensive Financial Report (ACFR)	200	All Professionals
Single Audit testing	150	In-Charge & Associate(s)
Supervision, review, and technical assistance	135	Director / In-Charge
Client conferences and meetings to review audit reports	20	Managing Director / Director & In-Charge
Reporting – Report to governance and management advisory comments	5	Managing Director / Director

#### c. Sample size and the extent to which statistical sampling is to be used in the engagement

Although it is not possible to set absolute rules for identifying sample sizes, we apply our professional judgment in identifying the appropriate sample size. The objective is to test the population to obtain reasonable confidence that the test objectives have been met. Sample sizes are controlled by the following considerations:

- **Tolerable error (precision)** – as the expected monetary conclusion becomes more critical, sample size should increase to tighten the range of the extrapolated estimate
- **Significance of the account to the financial statements** – as the significance increases, sample size should increase
- **Assessment of internal control risk** – as assessed risk is reduced, sample size for substantive tests should decrease
- **Extent of other substantive audit procedures related to same audit objective (tests of detail, as well as analytical review)** – as the extent of other procedures increase, sample size should decrease
- **Frequency and magnitude of expected errors** – as the frequency and magnitude of expected errors increase, sample size should increase
- The size of the population to be sampled and whether a sample is appropriate

We anticipate using certain data extraction tools in selecting and testing samples or complete populations, where appropriate. These effective tools allow us to efficiently test larger amounts of data.

## Enhancing Our Services with Technology

People and their judgement and skills make the biggest difference in our services, but when our teams have access to and leverage technology effectively, we can enhance our delivery results. Ultimately, we work to deploy the right solutions that fit the needs of each client, but that requires a deep bench of technology solutions. Our audit, tax, and consulting teams each have innovation leadership and significant project teams dedicated to advancing our capabilities in these areas.

The following are some of those technologies that may impact your services along with discussion demonstrating how FORVIS is a leader in these areas.

### Getting & Using Data

A significant challenge for some clients can be providing the reporting and data required for our services. Solutions we use include:

- Providing a proprietary online client portal, MyFORVIS, as a collaboration site for sharing requests and exchanging documents
- Using market-leading ingestion software to directly connect with certain general ledger packages to obtain required transaction detail with limited client effort and reduced additional requests

### Efficient Analysis

While still in its infancy, technologies such as artificial intelligence (AI) are being leveraged along with other tools to efficiently analyze increasing volumes of data. Our efforts with data analytics, including AI, include:

- Training data champions who are using market-leading quantitative data analytics tools to not just ingest data, but to analyze and identify anomalies or unexpected results
- Leveraging market-leading software that uses language processing and machine learning to help our analysis of written documents, such as leases, contracts, acquisition contracts, and debt agreements
- Identifying new tools to increase efficiencies

### Workflows & the Cloud

Many firms rely on outdated software or manual approaches to executing their work, while FORVIS is building or buying new tools to speed our efforts and better manage our delivery to clients. Our approaches include:

- Investing significant talent and financial support with the AICPA and a number of other large firms to help build an audit technology designed to transform our practice and our ability to serve our clients in the future
- Using market leading tools and building our own proprietary solution to deliver a better client experience through cloud-based questionnaires, integrated risk assessment, and response workflows that better enable us to execute our engagements and deliver results to our clients
- Increasing automation of our workflow and redundant tasks through robotic process automation (RPA) and application programming interfaces (API)

#### e. Type and extent of analytical procedures to be used in the engagement

Analytical procedures involve auditing a material assertion or account balance by investigating its relationship to an expectation such as other accounts, historical trends, or other related measures. FORVIS recognizes stronger analytical procedures can help reduce or eliminate other substantive procedures that are usually more time consuming. We would typically consider:

- **Ratio analysis** – comparing relationships among account balances, ratios, nonfinancial data, budgets, or industry averages
- **Reasonableness tests** – using financial and/or nonfinancial data to develop an expectation of an account balance

Successfully using analytical procedures requires auditors to ask the questions:

- What is the risk of material misstatement
- How would we find those misstatements
- Have I gathered enough audit evidence

When analytical procedures provide sufficient evidence, other substantive audit procedures should not be necessary. If analytical procedures are not sufficient, some combination of analytical and substantive procedures is likely to be the preferred approach.

#### f. Approach to be taken to gain and document an understanding of the City's internal control structure

Understanding your operations and the design of your controls helps create an effective and efficient audit process. When performing our first audit, this effort is more substantial. There are several data sources we intend to use, including your prior auditor.

Our first objective is to identify those resources that might advance our understanding without extra effort on your part. If you have documentation of your organizational structure, control environment (including technology), and the controls you have in place, along with any testing of those controls, we can often just read and supplement that information as needed. Even when clients have effective controls, their documentation is often limited, so additional effort may be required. When starting with limited documentation, we will:

- Perform a risk assessment using your financial statements to identify the relevant areas for documenting our understanding and related testing; while we want to understand your operations, it isn't necessary for us to document every control, particularly when a control is not related to a significant audit area
- Ask you to complete industry-specific questionnaires that summarize your control structure; you might complete these forms directly or we may interview you to guide the process, or some combination of both; this process includes understanding your information system and related controls
- Identify who performs or can perform control activities; we can use industry-based assignment of duties forms to capture those assignments
- Assess and/or identify key controls you have in place for significant areas of risk we will look for gaps in your design and potential overlapping assignments of duties that could or should be segregated
- Perform limited tests of design effectiveness of control activities; these tests will help us evaluate whether our documentation matches the activities occurring
- Consider extended tests of controls; in some cases, your information may be so complex or voluminous that extended control testing is needed to rely on your control and reduce other substantive testing in our audit

- Summarize recommendations for your consideration; for minor deficiencies or suggestions, we may discuss changes during our audit; for others, including significant deficiencies or material weaknesses, we will prepare written recommendations for your consideration
- In periods following our first audit, the majority of our understanding and documentation will be complete; going forward, we focus on changes that have occurred and continue performing tests of design effectiveness or expanded testing to evaluate whether control design has remained the same

#### **g. Approach to be taken in determining laws and regulations that will be subject to audit test work**

Identification of applicable laws and regulations will begin with an inquiry of the City as to your understanding of applicable laws and regulations. In addition, our reviews of various documents, indentures, agreements, etc., will be designed to encompass known laws and regulations within the scope of the audit. We are experienced in auditing public sector entities in the state of Colorado and are familiar with the laws and regulatory environment in which you operate.

#### **h. Approach to be taken in drawing audit samples for purposes of tests of compliance**

The sampling approach anticipated to be used in connection with the various areas of the audit is judgmental in nature. The size and nature of the population being tested, along with the assessed risk of the associated financial statement line item affected, will determine the size and approach for selecting a sample. Sample sizes will be sufficient to meet requirements of the various state and federal laws and regulations. We anticipate using data extraction tools in certain situations in selecting and testing samples or complete populations, where appropriate.

## **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.**

While we do not anticipate significant audit problems, we understand the importance of good channels of communication with key engagement team members to facilitate the discussion of issues that may arise. Once we begin final fieldwork, we would ask for management's participation in weekly progress meetings that would facilitate such communication and allow for timely identification and response to problems that may be encountered.

## **10. Report Format**

**The proposal should include sample formats for required reports.**

Please see the Appendix for a copy of our sample report.

# Appendix

# Exceptions to Terms & Conditions

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Upon being selected as the successful bidder, FORVIS may require modification to the terms and conditions, as referenced in the RFP, to comply with professional standards and/or FORVIS policies. As FORVIS has successfully resolved similar agreements with municipalities, FORVIS is confident the parties can successfully negotiate mutually acceptable terms and conditions. FORVIS sincerely appreciates the City's consideration and understanding. FORVIS looks forward to working with the City on this engagement.

# Appendix C: Proposer Guarantees



Official Purchasing Document  
Last updated 10/2017 GP

## APPENDIX C

### PROPOSER GUARANTEES

The Proposer certifies it can and will provide and make available all services set forth in Scope of Work and Time Requirements.

Signature of Official: Marcella D Ardan

Printed: Marcella D. Ardan, CPA

Title: Managing Director

Date: July 21, 2023

### LIST OF PRINCIPALS

The names and titles of the Proposer's principals are:

1. Managing Director Marcella D. Ardan, CPA
2. Managing Director Jodie L. Cates, CPA
3. Managing Director Steven W. Sauer, CPA
4. For more information on our firm partners, please visit forvis.com
5.

Proposer: FORVIS, LLP

Address: 1801 California Street, Suite 2900

City/State/Zip: Denver, CO 80202

Phone: 303.861.4545 Email: marcie.ardan@forvis.com

# Appendix D: Proposer Warranties



Official Purchasing Document  
Last updated 10/2017 GP

## APPENDIX D

### PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Colorado laws with respect to foreign (non-state of Colorado) corporations.
- B. Proposer warrants, that if it is awarded the contract it shall obtain and maintain during the Agreement term the following insurance coverage's with policy limits in accordance with NORA specifications:
  - 1. Errors and omissions coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof;
  - 2. Professional liability coverage;
  - 3. Comprehensive general liability coverage;
  - 4. Automobile liability coverage, including hired and non-owned vehicles; and
  - 5. Workers' compensation.

Waiver of subrogation and hold harmless agreements will be agreed to for all of the above coverage. The City shall be named an additional insured for all insurance coverage.

- C. Proposer warrants that it will not delegate or subcontract its responsibilities under the contract without the prior written permission of the City.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- E. Proposer acknowledges and agrees, pursuant to Municipal Code Sec. 8-157 (m) all proposals will be subject to public disclosure and interviews will be conducted in a public meeting by the City Council Finance Committee.

Signature of Official: Marcella D Ardan<sup>^</sup>

Name: Marcella D. Ardan, CPA  
(Print or type)

Title: Managing Director

Firm: FORVIS, LLP

Date: July 21, 2023

*<sup>^</sup>This form is signed as required by the RFP. However, certain terms of (B) above will require further discussion, e.g., FORVIS insurance carrier will not permit certain language to be included in FORVIS contracts. In addition, FORVIS has some restrictions on indemnifying clients, in accordance with professionals standards.*

# AICPA Peer Review Letter

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National Peer  
Review Committee

December 11, 2020

Theodore Dickman  
BKD, LLP  
910 E Saint Louis ST Ste 400  
Springfield, MO 65806-2570

Dear Theodore Dickman:

It is my pleasure to notify you that on December 11, 2020, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Michael Fawley".

Michael Fawley  
Chair, National PRC  
+1.919.402.4502

cc: Candace Wright, L Bennett

Firm Number: 900010002800

Review Number: 577534

220 Leigh Farm Road, Durham, NC 27707-8110  
T: +1.919.402.4502 F: +1.919.419.4713  
[aicpaglobal.com](http://aicpaglobal.com) | [cimaglobal.com](http://cimaglobal.com) | [aicpa.org](http://aicpa.org) | [cima.org](http://cima.org)

# BKD Peer Review Report

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8550 United Plaza Blvd., Ste. 1001 — Baton Rouge, LA 70809  
225-922-4600 Phone — 225-922-4611 Fax — [pncpa.com](http://pncpa.com)

*Postlethwaite & Netterville and Associates, L.L.C.*

## Report on the Firm's System of Quality Control

To the Partners of BKD, LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
November 2, 2020

# Sample Report

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SAMPLE

## Independent Auditor's Report

Honorable Mayor and Members  
of City Council and City Manager  
City of Fort Collins  
Fort Collins, Colorado

### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Collins, Colorado (the City) as of and for the year ended December 31, 20XX, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 20XX, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund (Consolidated), the Transportation Services Fund, and the Urban Renewal Authority Fund (Consolidated) for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Honorable Mayor and Members  
of City Council and City Manager  
City of Fort Collins  
Page 2

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the modified approach for City streets infrastructure capital assets and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Mayor and Members  
of City Council and City Manager  
City of Fort Collins  
Page 3

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and other schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and other schedules as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June XX, 20XX, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide and opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Denver, Colorado  
June XX, 20XX

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**Independent Auditor's Report**

Honorable Mayor and Members of City Council  
City of Fort Collins  
Fort Collins, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Fort Collins (the City), as of and for the year ended December 31, 20XX and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June XX, 20XX which contained an emphasis of matter paragraph regarding a change in accounting principle.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## SAMPLE

Honorable Mayor and Members of City Council  
City of Fort Collins

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Denver, Colorado  
June XX, 20XX

**Report on Compliance for Each Major Federal  
Program, Report on Internal Control Over Compliance,  
and Report on Schedule of Expenditures of Federal  
Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

Honorable Mayor and Members of City Council  
City of Fort Collins  
Fort Collins, Colorado

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Fort Collins (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 20XX. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 20XX.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

## SAMPLE

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City, as of and for the year ended December 31, 20XX, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We issued our report thereon dated June XX, 20XX, which contained unmodified opinions on those financial statements and an emphasis of matter paragraph regarding a change in accounting principle.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Denver, Colorado  
June XX, 20XX

# About FORVIS

# FORVIS

## An Enhanced Professional Services Firm

What's going to happen tomorrow? You can't predict the future, but you can prepare for it. To thrive in an environment that moves faster every day, business leaders must be able to look ahead and be ready for what comes next.

That's where **FORVIS** can help. Driven by the desire to anticipate what's next in the economic landscape, our goal is to help our clients be ready when the future becomes the present. We're committed to using our exceptional vision to provide each of our clients with an **Unmatched Client Experience™** that drives business forward.

FORVIS was created by the merger of equals between BKD and DHG. We aim to carry on our respective legacies of high-touch personal service delivered with remarkable integrity, care, and innovation—all now backed by the resources of a top 10 U.S. public accounting firm.

“

With national coverage and international presence, we're stronger: for our clients, our people, and the market of the future.

”

### Forward Vision Drives Our Unmatched Client Experiences

As a FORVIS client, you will benefit from a single organization with the enhanced capabilities of an expanded national platform, deepened industry experience, greater resources, and innovative consulting services. Our aim is to provide assurance, tax, and consulting services that help clients succeed today while preparing them to forge ahead into a clear future.

Our eye on the future isn't exclusively directed toward our clients. We want our people—at every level, in every office—to be motivated by engaging career paths that challenge and inspire them to grow personally and professionally. Our partners and staff are the foundation of the firm, and when they have the opportunity to flourish, the result is Unmatched Client Experiences.

We are FORVIS—driven by a commitment to anticipating what's ahead so our clients are ready to thrive when it arrives.



**Tom Watson**  
Chief Executive Officer



**Top 10**  
U.S. Public Accounting Firm\*

**550+**  
Partners & Principals

**27**  
States + Canada, U.K., & Cayman Islands\*\*

**10+**  
Industries

**6,000+**  
Team Members

**72**  
Markets



FORVIS is a member of Praxity™, an international alliance of independent accounting firms that offers multinational clients access to resources around the world.  
\* FORVIS was ranked number eight on Inside Public Accounting's 2022 annual ranking of accounting firms by revenue.  
\*\* Services outside the United States are provided through our subsidiaries and/or affiliates supporting FORVIS.

# FORV/S



## A PROPOSAL FOR **City of Fort Collins**

Request for Proposal 9835 Financial Audit Services  
Dollar Cost Proposal  
FORVIS, LLP  
Managing Director Marcella D. Ardan, CPA  
1801 California Street | Suite 2900  
Denver, CO 80202  
303.861.4545  
July 21, 2023

# Your Investment

---

## 1. Total All-Inclusive Maximum Price

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

The City will not be responsible for expenses incurred in preparing and submitting the Technical Proposal or the Dollar Cost Proposal. Such costs should not be included in the proposal.

The first page of the Dollar Cost Proposal should include the following information:

**a. Name of Firm**

FORVIS, LLP

**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.**

As a managing director for the firm, Marcie Ardan is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Fort Collins (the City).

**c. A Total All-Inclusive Maximum Price for the 2023 engagement and subsequent 4 years (Fill-out Appendix A).**

Our goal is to be candid, timely, answer your questions about fees upfront, and avoid fee surprises. We determine our fees by evaluating a number of variables: the complexity of the work, the project's scope, the time we will spend, and the level of professional staff needed. Our quoted fee, includes an administrative fee of 5%. This fee covers items such as copies, postage and other delivery charges, supplies, technology-related costs, such as computer processing, software licensing, research and library databases, and similar expense items.

Our fees may increase if our duties or responsibilities change because of new rules, regulations, and accounting or auditing standards. We will consult with you should this happen.

Please see the following page for our completed Appendix A.

## Appendix A: Schedule of Professional Fees & Expenses

As noted in Addendum No. 1, services related to arbitrage and bond escrow as well as agreed upon procedures performed in relation to the City's Cable TV Franchise Agreement are to be excluded from the scope of work.



Official Purchasing Document  
Last updated 10/2017 GP

### APPENDIX A

#### SCHEDULE OF PROFESSIONAL FEES & EXPENSES

NATURE OF SERVICE TO BE PROVIDED	MAXIMUM ALL-INCLUSIVE TOTAL PRICE CITY	MAXIMUM ALL-INCLUSIVE TOTAL PRICE LIBRARY	MAXIMUM ALL-INCLUSIVE TOTAL PRICE POUDRE FIRE
2023 Audits of City, Poudre Fire Authority and Library District	\$ 117,590	\$ 21,500	\$ 23,000
2024 Audits of City, Poudre Fire Authority and Library District	\$ 123,470	\$ 22,575	\$ 24,150
2025 Audits of City, Poudre Fire Authority and Library District	\$ 130,880	\$ 23,930	\$ 25,600
2026 Audits of City, Poudre Fire Authority and Library District	\$ 138,730	\$ 25,365	\$ 27,135
2027 Audits of City, Poudre Fire Authority and Library District	\$ 147,055	\$ 26,885	\$ 28,760
Issuance of Consent Letter for a Bond Issue	\$ 2,650	N/A	N/A
Verification of Arbitrage at the End of Each • Five-Year Period of a Bond Issue	\$ N/A	N/A	N/A
Verification of Bond Escrow for a Bond Issue	\$ N/A	N/A	N/A
Agreed Upon Procedures Performed in Relation to City's Cable TV Franchise Agreement with Service Provider	\$ N/A	N/A	N/A

Proposer: FORVIS, LLP

Signature: Marcella D Ardan

Printed: Managing Director Marcella D. Ardan, CPA

Address: 1801 California Street, Suite 2900

City/State/Zip: Denver, CO 80202

Phone: 303.861.4545 Email: marcie.ardan@forvis.com

## 2. Rates by Partner, Specialist, Supervisory & Staff Level Times Hours Anticipated for Each

The second page of the Dollar Cost Proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix B), that supports the total all-inclusive maximum price. The cost for any additional services requested outside the scope of the RFP will also utilize the fees and expenses stated in (Appendix B).

### Appendix B: Schedule of Professional Fees & Expenses for Additional Services



Official Purchasing Document  
Last updated 10/2017 GP

#### APPENDIX B

##### SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR ADDITIONAL SERVICES

This schedule should reflect the hourly rates for any additional work outside the scope of this RFP if the City, Library, or Poudre Fire Authority requests additional services.

	STANDARD HOURLY RATES	QUOTED HOURLY RATES
Partners/Managing Directors	\$ 570 - \$625	\$ 535
Managers	\$ 435	\$ 390
Supervisory Staff	\$ 230	\$ 205
Staff	\$ 185	\$ 165
Other (specify):	\$ To be determined	\$ To be determined
	\$	\$
	\$	\$
	\$	\$

##### ADDITIONAL COSTS

Out-of-pocket expenses:	\$ 0
Meals and lodging (amount per person per day)	\$ 0
Transportation (cents-per-mile)	\$ 0
Other (specify):	\$ 0
	\$
	\$
	\$

Proposer: FORVIS, LLP

Signature: Marcie C. Ardan

Printed: Managing Director Marcie C. Ardan, CPA

Address: 1801 California Street, Suite 2900

City/State/Zip: Denver, CO 80202

Phone: 303.861.4545 Email: marcie.ardan@forvis.com

### 3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price & Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the City for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed Dollar Cost Proposal in the format provided in the attachment (Appendix B). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the sealed Dollar Cost Proposal stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing City rates for its employees.

FORVIS will accept reimbursement for travel, lodging, and subsistence at the prevailing City rates for its employees.

### 4. Rates for Additional Professional Services

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

FORVIS understands any requested additional services will be performed at the rates set forth in Appendix B.

### 5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's Dollar Cost Proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

Our pricing for this engagement and our fee structure is based upon the expectation our invoices will be paid promptly.

We will issue monthly progress billings during the course of our engagement and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 45 days at the rate of 10 percent per annum.

Our acceptance of this engagement is subject to completion of our normal client acceptance procedures. Upon acceptance, the actual terms of our engagement will be documented in a separate letter to be signed by you and us. The information provided in this proposal is intended for informational purposes only and may not be copied, used, or modified, in whole or in part, without FORVIS' prior written approval. All information in this proposal is as of June 1, 2023, including projected statistics for FORVIS, unless otherwise noted.

# FORV/S

The background of the cover is a photograph of the City of Fort Collins City Hall. The building is a large, light-colored stone structure with classical architectural features, including arched windows and a prominent entrance with a pediment. A large, semi-transparent orange diagonal stripe runs from the top left towards the bottom right, partially obscuring the building. The text 'FORVIS' is in large white letters at the top left, 'Proposal Summary' is below it, and 'City of Fort Collins' is further down. In the bottom right corner, 'Public Sector' is written. At the very bottom, there is a small line of text about the FORVIS trademark.

# FORVIS™

## Proposal Summary

City of Fort Collins

Public Sector

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

# Introduction of Lead Staff



**Marcie Ardan, CPA**  
Managing Director  
303.861.4545  
[marcie.ardan@forvis.com](mailto:marcie.ardan@forvis.com)

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**Anna Thigpen, CPA**  
Director  
303.861.4545  
[anna.thigpen@forvis.com](mailto:anna.thigpen@forvis.com)

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# WE ARE FORVIS

## PURPOSE

To help those we serve unlock their full potential

## MISSION

To build remarkable careers and provide an Unmatched Client Experience™ through an uncommon commitment to excellence

## VISION

Our **FORward VISION** is to be known for creating engaging opportunities, delivering innovative solutions, and building unrivaled relationships

**FORV/S**

## THE FORVIS WAY

**B**e your best self

**E**xcel always

**B**e builders

**O**perate as ONE FORVIS

**L**ead with integrity

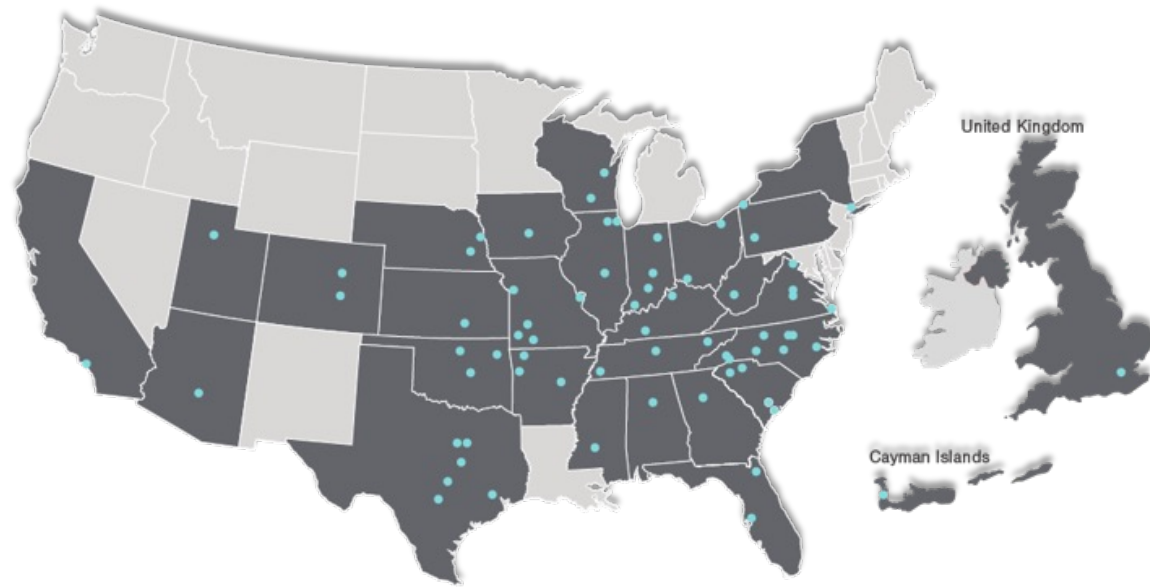
**D**eliver an Unmatched Client Experience™

# FORVIS OVERVIEW

FORVIS  
ranks among  
the nation's  
**top 10** public  
accounting  
firms

**FORV/S**

Created by the merger of BKD & DHG, **FORVIS** is driven by the commitment to use our forward vision to deliver an Unmatched Client Experience™. As a top 10 firm with true national coverage, we're now exponentially stronger—for the benefit of our clients, our people, and the market of the future.



**8th**

Largest  
U.S. Firm\*

**530+**

Partners &  
Principals

**28**

States + U.K. &  
Cayman Islands\*\*

**10+**

Industries

**5,700+**

Team Members

**72**

Markets

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.  
FORVIS is a member of Praxys™, an international alliance of independent accounting firms that offers multinational clients access to resources around the world.  
\* FORVIS was ranked number eight on Inside Public Accounting's 2022 annual ranking of accounting firms by revenue.  
\*\* Services outside the United States are provided through our subsidiaries and/or affiliates.

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

# Public Sector Experience

## The Industry-Specific Resources You Need

FORVIS' Public Sector Practice has directed significant resources at the state, regional, and national levels to help our public sector clients meet the challenges they face. This includes a focused group of dedicated leaders who meet regularly to discuss important developments, legislative updates, and challenges affecting governmental entities, as well as to exchange best practices learned in these engagements.

We also continually evaluate the services we offer to better align them with our clients' changing needs. As a public entity, you face many challenges including new funding, new compliance regulations, and continued pressure to provide improved services with fewer resources. Our advisors have the knowledge and experience needed to help you move forward with confidence.



**#3**

Provider of Single  
Audits in the Nation



**600+**

Public Sector  
Clients Served



## Clients Served

State & local governments, airports,  
transportation authorities, public  
power & utility providers, tribal  
governments, & more

# FORVIS

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

# Public Sector Experience: Uniform Guidance



**Perform more than  
800 Single Audits  
annually**



**Identification of major  
programs during  
interim fieldwork**



**Specifically designed  
audit programs that are  
updated for changes in  
the Compliance  
Supplement**



**Staff who are trained  
throughout the year**



**Contacts with  
federal agencies &  
AICPA**

**FORV/S**

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

# UNMATCHED CLIENT EXPERIENCE



**1.**

## **LISTEN TO UNDERSTAND**

- Be curious
- Engage in meaningful connections
- Apply insights to tailored actions



**2.**

## **BE RESPONSIVE**

- Get back to others promptly so they feel acknowledged
- Seek & act on feedback
- Be transparent



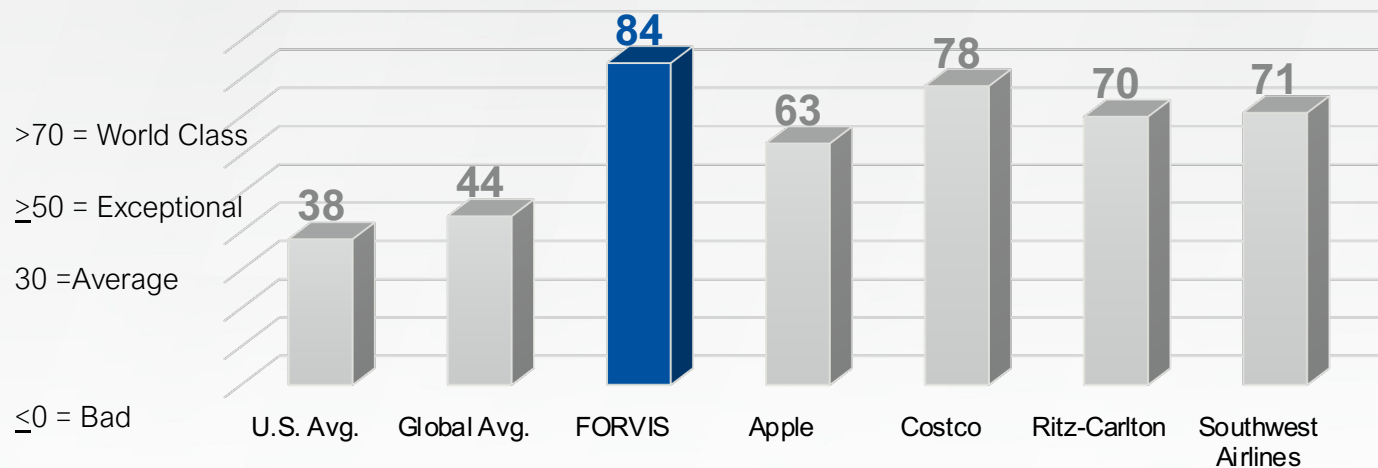
**3.**

## **CONSULT WITH PURPOSE TO DELIVER VALUE**

- Collaborate & share knowledge
- Be a trusted advisor who looks toward the future
- Bring optimism & discipline

# Level of Service: Unmatched Client Experience™

Our goal to provide Unmatched Client Experience™ is at the core of everything we do, and we know hoping we are creating an exceptional client experience isn't enough. One of the areas measured by our FORVIS Client Experience Survey™ is how likely a client is to refer FORVIS, a metric referred to as the Net Promoter Score® (NPS®). In our most recent survey, our NPS was 84. According to Fred Reichheld, the creator of the Net Promoter System®, scores above 70 are regarded as world class.



**FORVIS**

## Level of Service:

### Strong History of Performance in Serving the City for the Past 5 Years

*Highlights from prior service period which are expected to continue into the future*

- High Level of Service with Involvement from Engagement Leadership
- Local Presence
- Expertise in the Industry
- Collaboration
  - Frequent communication during the year
  - Assistance with implementing new standards and complex transactions
  - Local CPE eligible training
- Understanding of your entity and operations

**FORV/S**

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

# The FORVIS Difference:

## Why FORVIS is the Right Choice for the City of Fort Collins

Being a top 10 public accounting firm matters, but what sets us apart is our commitment to client service and a forward-thinking mindset focused on innovation. We prioritize investing in new technologies to help clients navigate industry developments, and we foster a dynamic culture of leadership and professional development. This means the City of Fort Collins can continue to work with an industry-focused team driven by our forward vision to help you succeed today while also helping you prepare for the future.

### Here's What Sets Us Apart:



Forward Vision that  
Drives Unmatched  
Client Experiences



Understand the  
nuances of your  
operations & industry



Can share industry  
best practices



Require less time  
needed from your  
staff



Meets your deadlines  
& timing expectations



Access to other  
advisory & value-  
added services



# Questions?

**forvis.com**

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by FORVIS or the author(s) as to any individual situation as situations are fact specific. The reader should perform its own analysis and form its own conclusions regarding any specific situation. Further, the author(s) conclusions may be revised without notice with or without changes in industry information and legal authorities. FORVIS has been registered in the U.S. Patent and Trademark Office, which registration is pending.

**FORVIS**

Assurance / Tax / Advisory

# Thank You!

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**FORV/S**

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

**9835 Financial Audit Services  
Interview Questions**

**Firm Name:** Forvis

1. What do you view as the role for elected officials in support of the audit process?  
How do you communicate complex financial information to elected officials?
  
  
  
  
  
  
  
  
  
  
2. Provide an example of a situation or matter when there was a professional difference of opinions between client Finance staff and the auditor. What was the situation, discussion, and resolution?
  
  
  
  
  
  
  
  
  
  
3. Please articulate as specifically as possible the value propositions your firm offers versus peer firms in the financial audit industry.
  
  
  
  
  
  
  
  
  
  
4. Discuss your approach and philosophy to handling single audits.
  
  
  
  
  
  
  
  
  
  
5. How do you develop and communicate audit findings to the Council Finance Committee and City Financial Staff?
  
  
  
  
  
  
  
  
  
  
6. Discuss your availability for assisting City Finance staff in handling new or unique issues that may arise throughout the year. Is this level of service included in your proposed fees? Are you confident you can support the annual audit schedule?

7. What can we expect as the average tenure for the auditors assigned to perform the City's financial audit? How do you effectively manage turnover?

8. How would you explain to lay people what internal controls are and why they are important? Does the presence or absence of good internal controls impact the scope of the audit?

9. Knowing you will be performing financial audits for three separate entities, are you confident you have allocated sufficient resources and time to complete within the required time?

**Post Interview Discussion:**

Assessment Criteria:

- Scope of the proposal and interview
- Assigned personnel qualifications
- Cost and commitment to meet the City's annual audit timeline
- Firm capability & reputation





**JULY 21, 2023**

Contact:

Timothy St. Andrew, Engagement Partner  
Plante Moran

8181 E. Tufts Ave., Suite 600  
Denver, CO 80237

313-496-8542

[timothy.standrew@plantemoran.com](mailto:timothy.standrew@plantemoran.com)

## **CITY OF FORT COLLINS, COLORADO**

**Financial Audit Services – Technical Proposal**

**RFP # 9835**

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## Transmittal Letter

July 21, 2023

Mr. Gerry Paul  
Purchasing Director  
City of Fort Collins, CO

Mr. Travis Storin  
Chief Financial Officer

Financial Services  
Purchasing Division  
215 N. Mason St. 2<sup>nd</sup> Floor, PO Box 580  
Fort Collins, CO 80522

Dear Gerry and Travis,

Thank you for the opportunity to submit our proposal for audit services to City of Fort Collins, CO ("the City") in response to your RFP #9835.

Based on our understanding of your needs, we've assembled a team of governmental specialists who will provide your requested services with the high level of quality and efficiency you deserve so you can focus your attention on what matters most: serving the needs of your community. However, we don't just want to check off a series of boxes to complete your engagement — **we want to be your first call when you need an expert perspective on the City's goals and challenges.**

Per your RFP, we understand that the City is looking for a firm that can expertly perform the financial audits for the City, Poudre River Public Library District, and Poudre Fire Authority for the years 2023–2027 and serve as a trusted partner. **We commit to performing the services detailed below, issuing all required reports within the time frame specified, and providing you with all appropriate debriefs and recommendations as part of our engagement with you:**

- A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
- A report on compliance and internal control over financial reporting based on an audit of the financial statements
- A report on compliance and internal control over compliance applicable to each major federal program.
- We will make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which we become aware of.

Please refer to our detailed audit approach and timeline on pages 37–65 to understand our complete scope and proposed timeline.

We know you have many options when it comes to selecting a professional services partner, but Plante Moran stands apart from the competition. Here's what that means for the City:



**We're a top U.S. audit, tax, and consulting firm — the largest in Colorado — with a significant, dedicated governmental industry practice.** Our 250+ government team serves 1,700 public sector clients across the U.S., including 500+ cities, counties, townships, governmental component units, and public pension funds.

#### Benefits to the City

- ✓ **New and broader perspectives** because we draw on a broader base of knowledge gained from serving not just cities, counties, and agencies within Colorado but also nationwide.
- ✓ **We will be your one-stop shop for all your service needs**, because we serve cities close to you like Loveland, Commerce City, Town of Parker, Greeley, and Longmont. We will leverage our knowledge to serve the City of Fort Collins.
- ✓ **Reduced compliance risk** because our professional standards experts are involved from day one and available throughout the year to address technical issues as they arise.
- ✓ **No need to train or educate our team** since each team member's career focus is government auditing.
- ✓ **A strong, deep bench of governmental advisors** who are available to call on anytime.



**We are industry leaders.** We file more than 575 single audits annually; have audited 750 ACFRs over the past 25 years; and hold active leadership roles in key industry groups like the AICPA Governmental Audit Quality Center, GASB, and GFOA. In fact, our senior partner, Michelle Watterworth, is the chair of the AICPA State and Local Government Expert Panel, which articulates the views of the industry to the GASB when new standards are set.

#### Benefits to the City

- ✓ **Advance notice of upcoming changes and guidance, quick answers to difficult questions, and help resolving federal compliance issues.** You'll be well-prepared for standards implementations like GASB 87.
- ✓ **Expert industry insights, resources, and training throughout the year**, in addition to our ongoing conversations with you. Our additional articles, complimentary trainings, webinars, and toolkits will keep you up to date on trends and upcoming industry changes to help you better plan for the future (see page 12).
- ✓ **Confidence in retaining your Certificate of Achievement for Excellence in Financial Reporting.**



**We do it differently than all other firms our size. Our "one-firm" firm approach is like no other in the market, and our clients reap the benefits.** Unlike other firms, we are organized by industry focus, not by location-specific profit centers. We don't limit ourselves to staffing engagements from a single office. Your multidisciplinary engagement team includes audit, single audit, professional standards, and IT specialists from across the firm, chosen for the skills and expertise that best match the City's needs. **Our clients often tell us their Plante Moran experience is better than with any other firm.** We encourage you to contact our references to hear how happy they are to have made the switch.

### Benefits to the City

- ✓ **You'll work with our most qualified experts** for the City's specific financial statement audit, single audit, and GASB implementation needs, regardless of their home office location or geography — **and at no charge for travel expenses.**
- ✓ **More personal attention, proactive collaboration, communication, and guidance year-round** from engagement leaders and team members who are eager to get to know you and who truly care about the City of Fort Collins and the community.
- ✓ **More engagement team continuity.** We draw from our large government specialist pool to establish your team at the outset and keep them coming back year after year.
- ✓ **Direct, immediate access to our firmwide resources.** As your needs change, we can quickly bring knowledge and advice from other service areas, including IT, cybersecurity, and operational consulting to maximize limited resources.



**Our proven transition plan, tailored audit approach, and advanced technologies means we hit the ground running.** We'll work directly with your prior provider to transition the audit. We customize our timelines to meet your deadlines and always include plenty of opportunities for senior engagement and technical team members to meet with your team. We'll also supply easy-to-use, state-of-the-art tools, templates, and technology for easy collaboration, document sharing, and communication throughout the audit.

### Benefits to the City

- ✓ **No surprises:** Professional standards issues are resolved during the audit by technical experts who are embedded with your audit team.
- ✓ **A smarter, more efficient, and cost-effective audit experience with on-time delivery.**
- ✓ **Worry-free, seamless transition** from your prior auditors.
- ✓ **Minimal interruptions** to your staff's day-to-day operations and no recreating the wheel.
- ✓ **Fresh ideas and responsiveness** from engagement partners and senior managers.

**Our focused government, GASB, and single audit experience — combined with our significant presence in Colorado and stellar customer service — will make all the difference when you choose Plante Moran as your partner.**

Our proposal is a firm and irrevocable offer for a period of 60 days.

We are excited to redefine the level of service that you should expect from a professional services provider. Our proposal describes how we will serve you, what we've done for other clients like the City, and specifics on the timeline, fees, and scope of work. I will follow up promptly to answer any additional questions you might have. I look forward to it.

Sincerely,

Timothy St. Andrew, CPA  
Engagement Partner

Jamie Essenmacher, CPA, MSA  
Colleague Partner

William Brickey, CPA  
Colleague Partner

# Detailed Proposal



# Our responses

## 02. Independence

The firm should provide an affirmative statement that is independent of the City as defined by generally accepted auditing standards/the U.S. Government Accountability Office's *Government Auditing Standards* (1994).

The firm also should provide an affirmative statement that it is independent of all of the component units of the City as defined by those same standards. The City currently has one component unit, the Fort Collins Downtown Development Authority, whose budget and any issuance of debt requires approval of the Fort Collins' City Council.

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

## Affirmative statements

---

- We affirm that Plante Moran is independent of the City of Fort Collins, CO, as defined by generally accepted auditing standards/the U.S. Government Accountability Office's *Government Auditing Standards* (1994).
- We affirm that we are independent of all of the component units of the City as defined by the U.S. Government Accountability Office's *Government Auditing Standards* (1994).
- During 2019-2022, Plante Moran served the City of Fort Collins for Payment Processor Selection services. Our Management Consulting Partner — Mark Warner, was the engagement lead.
- Plante Moran has formal policies and procedures with regards to assuring our independence. Professional staff are required to annually affirm independence on all attest clients and additional confirmation of independence is required as a component of each engagement. Staff must affirm independence on all current clients on an annual basis, and also submit updated information and attest to any new relationships that could lead to or cause conflicts of interest. Any changes are fed into a weekly report sent to all partners and managers. These reports, or “conflict checks,” allow us to proactively assess any potential conflicts on a firmwide basis.

We have identified no conflicts of interest with the City.

- We affirm that Plante Moran will provide the City of Fort Collins, CO written notice of any conflicting professional relationships entered into during the period of the engagement.

03. License to Practice in the State of Colorado

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

License to practice in Colorado

We affirm that Plante Moran is licensed to practice in Colorado, and all assigned professional staff are licensed to practice in the state of Colorado. Colorado recognizes mobility/practice privilege for out-of-state accounting firms, so all assigned professional staff can practice immediately in the state of Colorado under the reciprocal licensing statute that allows for license mobility.

Colorado Department of Regulatory Agencies

Division of Professions and Occupations

Board of Accountancy

Plante & Moran PLLC

Public Accounting Firm

FRM.5000404

Number

Active

Credential Status

09/01/2020

Issue Date

08/31/2023

Expire Date

Verify this credential at: [dpo.colorado.gov](https://dpo.colorado.gov)



1876

Division Director: Ronne Hines

Credential Holder Signature

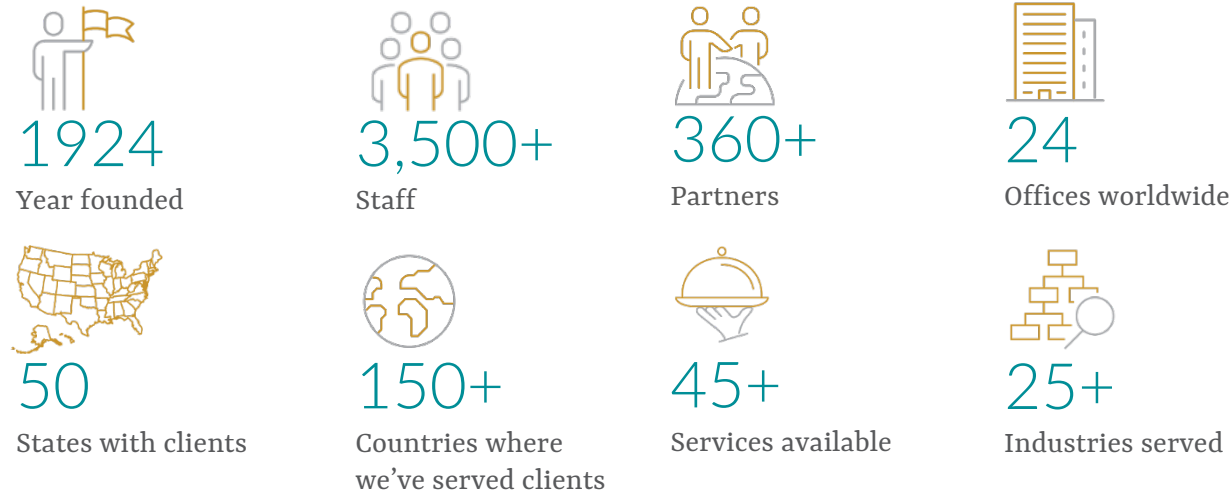
## 04. Firm Qualifications and Experience

The proposer 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.

### Firm overview

We are the 14th largest certified public accounting and management consulting firm in the nation. With **a history spanning nearly 100 years**, our firm provides clients with financial, human capital, operations improvement, strategic planning, technology selection and implementation, and family wealth management services.

#### Fast facts



#### Plante Moran in Colorado

With three offices in Colorado, including one in the City of Fort Collins, **Plante Moran is the largest accounting firm in the state**. We're dedicated to the community in which we live and work. Our professionals are actively involved with the Fort Collins, Greeley, and Loveland chambers of commerce, Colorado, Denver Metro, South Metro Denver, Aurora, Boulder, the Downtown Denver Partnership, and other associations, so we can stay apprised of the issues our clients face in Colorado, and we bring innovative ideas to the table. We serve every industry in the state, including government, energy, healthcare, manufacturing and distribution, not-for-profits, and technology.

**40+** years proudly serving Colorado businesses and organizations    **7,600+** current clients in Colorado

**600+** staff members in our Colorado offices    **67** partners in our Colorado offices



#### Local and national honors

- Named among the "100 Best Companies to Work For" by Fortune magazine every year since 1998
- Best Accounting Firm in 2021 on ColoradoBiz magazine's Best of Colorado Business Choice awards
- Largest Denver-area accounting firm by the Denver Business Journal in 2020

# Our governmental audit practice

When we serve governmental entities, ensuring compliance is just the first step. As the City’s partner, we’ll translate our expertise into solutions, helping you streamline operations, contain costs, and stay ahead of the curve. Why? It’s simple: Investing in our clients means investing in the future of our communities.

## What our practice looks like

500+	Governmental clients, including: <ul style="list-style-type: none"><li>• Local government</li><li>• Authorities</li><li>• State agencies</li><li>• Airports</li><li>• Transportation organizations</li><li>• Pension systems</li><li>• Special districts</li><li>• Utilities</li></ul>	750+	Annual Comprehensive Financial Report (ACFR) audits conducted in the past 25 years whereby the ACFRs have received the GFOA’s Certificate of Achievement for Excellence in Financial Reporting
1,700+	Public sector clients served	575+	Single audits performed annually
1,300+	GASB entities served	45	States with public sector clients
75	Years serving government entities	250+	Staff dedicated to serving governmental clients
		25+	Partners dedicated to serving governmental clients
		\$9B	Federal expenditures audited per year

## How we stand apart from the competition

When it comes to serving municipalities and government entities, the Plante Moran difference can be boiled down to two key factors:



**Our governmental clients are served by professionals who have made the public sector a focus of their careers.**

Because our firm is organized by industry (not by office or region), you’ll always be served by specialists who have already served many governmental entities, including cities and counties, municipal operations, water and sewer authorities, transit authorities, state government agencies, and public library systems.



**Our firm is unmatched in the level of research we conduct on challenges facing governmental leaders.**

Our active involvement in government associations — along with our firsthand experience serving a large, diverse client base — is at the heart of our technical expertise. We pass on what we learn to our staff in the form of internal training seminars and to our clients through our webinars, white papers, and toolkits.

# Single audit experience

**Our team members are undisputed experts in the single audit sector.** The City’s engagement will feature trained professional staff with significant single audit experience, as well as our proprietary single audit programs, questionnaires, and tools, which are customized to specific grants. Our audit reports and workpapers are regularly reviewed by federal oversight agencies and are considered best-in-class. Our approach will increase efficiency and minimize the use of your staff’s time and resources.

## Qualifications that lead to quality single audits

An analysis of single audit engagements performed by the AICPA’s Peer Review Program determined that the following factors have a strong correlation to quality performance. Plante Moran excels in all three.

	<b>1. Size of the firm’s single audit practice</b>	 <b>2nd</b> largest single audit provider in the nation <b>575+</b> single audits completed annually <b>\$9B</b> in federal expenditures audited per year
	<b>2. Qualifications of the engagement partner</b>	 The engagement partner and team of professionals you’ll work with are single audit specialists who are deeply engrained in federal compliance issues.  Our professionals not only take single audit CPE courses annually, but also teach many of those courses attended by other CPA firms. Our training materials are used nationally.
	<b>3. AICPA Governmental Audit Quality Center (GAQC) Membership</b>	 We’re a charter member of the GAQC and will share advance notice of issues that impact the single audit. According to the above-mentioned AICPA study, GAQC members had <b>two times greater conformity</b> to professional standards than nonmembers.

The study also found that GAQC members who performed 11 or more single audits annually — **like Plante Moran** — had 100% conformity to professional standards.

## We’re proactive when it comes to the Compliance Supplement

**Our involvement:** Partner Amanda Ward (our firm’s single audit industry technical leader) is a member of the GAQC executive committee.

**How you benefit:** Advance notice of upcoming changes and guidance, quick answers to difficult questions, and help resolving federal compliance issues.

**Our involvement:** We maintain direct contact with the AICPA and federal agencies, including the OMB, HHS, HUD, U.S. Department of Education, and EPA, and frequently conduct training sessions at conferences sponsored by these agencies.

**How you benefit:** Efficiency and ready access to knowledgeable staff.

**Our involvement:** We annually review and comment on changes being made to the Single Audit Compliance Supplement.

**How you benefit:** Faster response time to Uniform Guidance updates and help identifying changes to procedures and documentation, before the audit starts.

## We don't just participate – we lead

The auditors and consultants within our governmental practice meet all Government Accountability Office and continuing education requirements. But we've also taken our industry commitment to the next level. We're heavily involved in government professional associations so that we can stay ahead of emerging issues and shape the practical application of standards and regulations. We do this not just to maintain our expertise, but to act as an advocate for our clients and keep them informed.



- Founding member of the Governmental Audit Quality Center (GAQC)
- Chair the State and Local Government Expert Panel, which meets annually with the GASB and helps shape their agenda, as well as responding to each exposure document
- Participate in federal single audit roundtable with invited members from GAO, OMB, and various federal agencies
- Past Chair of the American Institute of CPAs (AICPA) in 2008, and a partner currently serves on the Council



- Propose changes to Governmental Accounting Standards Board (GASB) Implementation Guides
- Actively respond to significant proposals for new governmental accounting rules
- Testified before GASB and participated in some of their research projects



Government Finance Officers Association



- Involved in national and state-level associations including Colorado (CGFOA), Florida (FGFOA), Georgia (GGFOA), Illinois (IGFOA), Michigan (MGFOA), New York (NYSGFOA), and Ohio (OHGFOA)
- Facilitate training sessions at the annual conference



U.S. GOVERNMENT  
ACCOUNTABILITY OFFICE

- Serve on the Comptroller General's Advisory Council on Standards for Internal Control in the Federal Government



**NASACT**

National Association of State  
Auditors, Comptrollers  
and Treasurers

- Active membership, attend NASC and NASACT conferences
- Facilitated conference training sessions



- Active membership, attend conferences



PUBLIC PENSION  
FINANCIAL FORUM

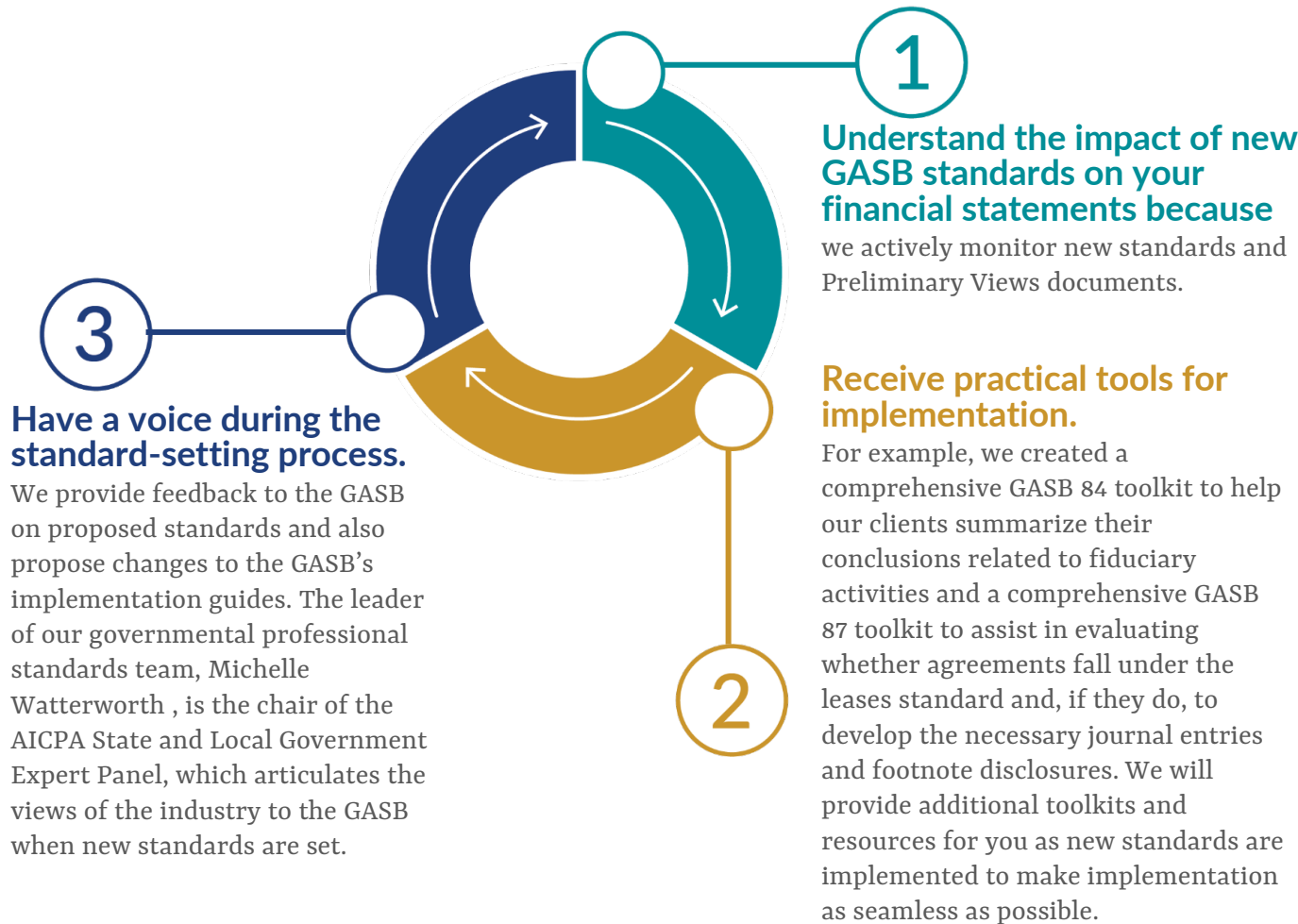
Provided training at  
annual conference

### Additional industry involvement:

- Colorado Municipal League (CML)
- International City/County Management Association (ICMA)
- Public Technology Institute (PTI)
- American Public Works Association (APWA)

# Added benefits from our GASB involvement

We envision our GASB involvement as a cycle that yields ongoing benefits for our staff and our clients. With our team as your partner, the City will:



**“ Our public sector clients are more than just prepared for change — they’re at the forefront of it.**

My constant goal is to share my specialized expertise and enable colleagues and clients to efficiently address complex technical issues while providing them the implementation guidance and resources they need.”

**— Marie Stiegel**  
**Government Industry Technical Leader**

## Deeper insights, delivered year-round

We'll provide frequent updates throughout the year to help you analyze how recent changes in regulations, legislation, economic conditions, and trends could impact the City. We deliver this thought leadership via CPE-approved webinars and publications at **no additional cost**. Our Government Perspectives quarterly e-newsletter provides clients with updates on finance, technology, and operational issues and includes ideas for maximizing limited resources.

A few examples of our thought leadership include:

Broadband for all:  
Harnessing the  
collective power of  
the public sector

[READ MORE](#)



Employee retention  
credit refunds subject  
to lengthy processing  
time

[READ MORE](#)



New approaches for  
managing risk in the  
public sector

[READ MORE](#)



GASB accounting  
standard update:  
Spring 2023

[READ MORE](#)



2023 Compliance  
Supplement and single  
audit update

[WATCH NOW](#)



Making better  
decisions with data in  
the public sector: A  
simple guide to  
modernization

[READ MORE](#)



GASB 94 & 96:  
Preparing to implement  
new guidance for P3s  
& SBITAs

[WATCH NOW](#)



Understanding GASB  
96, Subscription-  
Based Information  
Technology  
Arrangements

[READ MORE](#)



Please visit [plantemoran.com/subscribe](https://plantemoran.com/subscribe) to sign up for insights.

### Our involvement in Colorado Government Finance Officers Association

Our staff attend and present year-round at Colorado Government Finance Officers Association (CGFOA) events and annual conferences, and stay up-to-date on other CGFOA happenings. Some of our recent CGFOA activities and presentation topics include:



- Accounting Financial Reporting – GASB Accounting Updates
- CGFOA Annual Conference sponsor and presenter
- Optimize Your ERP Software or Replace It?
- Uniform Guidance - Federal ARP and State CVRS
- Internal Control Best Practices for Smaller Organizations
- Personal Financial Planning Considerations – How to Navigate an Uncertain Economy
- Mid-Summer Mini Conference sponsor

## Our offices serving you

### Structured differently, to serve you differently

Your audit will be led by Tim St. Andrew as engagement partner with Bill Brickey and Jamie Essenmacher as colleague partners, and served by a blended team of government industry experts from our Colorado and Michigan offices. Why? Because unlike most firms, which are organized by siloed office locations or profit centers, Plante Moran's go-to-market model is organized by industry group. That means **you will work with our most qualified experts for the City's specific needs, regardless of their office location or geography — and at no charge for travel expenses.**

This **"one-firm" firm** structure is what enables us to staff your engagement with experts from our government team, which are dedicated to serving cities and their component units as well as counties, towns, transportation authorities, public retirement entities, and other public sector clients across the country. The model is based on the philosophy that serving you, our client, comes first — even before firm profits.

Colorado		Michigan
1321 Oakridge Dr.	8181 E. Tufts Ave.	1098 Woodward Ave.
Fort Collins, CO 80525	Denver, CO 80237	Detroit, MI 48226
970-282-5400	303-740-9400	313-496-720

You'll work with Plante Moran experts who are the best fit for your specific needs, regardless of where those professionals are located.

A relationship with Plante Moran unlocks the entire power of our united firm.

### Here's what the City can expect:

- **The right blend of relevant expertise:** We have organized our firm by industry group, and staffed your team with professionals who have made serving government clients a strong focus of their careers. We've done this by looking at staff across *all* our offices, not just the one that happens to be closest to you.
- **As your needs change or new concerns arise:** You'll have easy access to *all* the subject matter and technical experts across our firm.
- **As the ease of remote work becomes increasingly important:** No matter where our team members are located — whether down the street or across the country — we'll collaborate efficiently and effectively with you through our technology. We've successfully served clients for years using advanced tools, so virtual work is nothing new for us.



## Staffing your engagement

---

In addition to your engagement leaders, our team will be comprised of four to six governmental auditing experts, all of whom are full-time Plante Moran employees. They are actively involved in our governmental audit practice and meet the GAO audit requirements, including governmental continuing education. Our team of CPAs and consultants specialize in the government sector — they are not “on loan” from any of our industry groups during their slow periods. All our staff are full time staff. We do not use part-time or seasonal staff because we conduct work for governmental clients year-round.

**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.**

## Joint ventures/consortiums

---

Plante Moran is proposing on this engagement as the sole service provider. We are not proposing as a joint venture or in consortium with another firm, nor will we outsource or subcontract any of the services related to those requested by the City in this RFP.

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 government engagements.

## Our peer review report

The AICPA peer review involves rigorous inspection of engagements not subject to PCAOB inspection. At the conclusion of the peer review, the peer reviewer expresses an opinion on the design of our system of quality control for our accounting and auditing practice and our compliance with that system, and the reviewer provides a peer review rating. Our most recently completed peer review, conducted in 2022, resulted in a “pass” rating, the highest rating possible. The peer review report is available at [aicpa.org](https://aicpa.org).



8550 United Plaza Blvd., Ste. 1001 — Baton Rouge, LA 70809  
225-922-4600 Phone — 225-922-4611 Fax — [pncpa.com](https://pncpa.com)

A Professional Accounting Corporation

### Report on the Firm's System of Quality Control

December 16, 2022

To the Partners of  
Plante & Moran, PLLC  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at [www.aicpa.org/prsummary](https://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

#### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; an audit performed under FDICIA; and examinations of service organizations (SOC 1 and SOC 2 engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

#### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Plante & Moran, PLLC has received a peer review rating of *pass*.

*Postlethwaite & Notterville*  
Postlethwaite & Notterville, APAC  
Baton Rouge, Louisiana

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.

## Desk reviews

---

Plante Moran takes great pride in the quality of services we provide to our clients. We have a rigorous set of quality control procedures designed to provide assurance that professional standards are followed and our clients receive a high-quality product. Federal and state agencies routinely perform desk and field reviews on a select number of audits they receive. While we typically aren't aware of the desk reviews being performed, we have had a few field reviews by both federal and state agencies in their normal course of monitoring auditors over the last three years. Plante Moran was not subject to any disciplinary action as a result of these reviews.

The firm currently has no active disciplinary actions from federal or state regulatory bodies or from any professional associations, nor have we had any within the last three years.

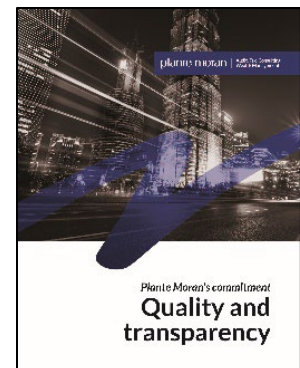
## Process for quality assurance

Plante Moran takes great pride in the quality of services we provide to our clients. We have a rigorous set of quality controls designed to provide assurance that professional standards are followed and our clients receive a high-quality product. We consider the engagement size and complexity; industry specialization; and nature, extent, and timing of work to be performed when assigning personnel to engagements. Our engagement teams serve as our frontline quality assurance process. They are responsible for developing and documenting audit matters.

In addition, we have professional quality control individuals dedicated to the government industry, who provide deep industry knowledge and experience. We proactively involve our quality control professionals early in the planning process, and many of our clients have direct contact with our quality control individuals throughout the year. The benefit to the City is a continuous dialogue with our quality control professionals that promotes active, ongoing consultation on accounting and reporting matters.

Our Director of Professional Standards reminds us: **“Every job is a self-portrait of the person who did it. Autograph your work with quality.”** We aspire to do that for every client every day.

[Download our audit quality and transparency report.](#)



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

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in the State of Colorado. 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.

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. Indicate how the quality of staff over the term of the agreement will be assured.

### City of Fort Collins, CO engagement team



## Your engagement team

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Plante Moran's greatest asset is our people — not just their knowledge, but also their integrity and their commitment to our clients, staff, and communities. Our philosophy for staffing your engagement is simple: find the best people with the most relevant experience and balance the team with varied ways of thinking that complement each other.

We have structured our team to deliver the specialized knowledge and personal fit you deserve. Each person serves a necessary role on the engagement and is experienced in serving clients like you.



### Timothy St. Andrew, CPA

#### Engagement Partner

313-496-8542 | [timothy.standrew@plantemoran.com](mailto:timothy.standrew@plantemoran.com)

**Role:** My primary goal is to make sure we look out for your interests proactively, respond to your questions promptly, meet all deadlines, ensure no surprises, and value your time.

**Experience:** With 18 years of experience, I am a member of the firm's governmental attestation and consulting practice, primarily serving local governmental units. I coordinate the ongoing audit engagements for several counties and cities. My recent experience also includes several governmental consulting assignments, including preparation of long-range financial plans, fiscal health evaluation, assistance with investment policies and procedures, preparation of utility rate studies, federal program compliance and accounting assistance, design and analysis of internal control systems, evaluating adequacy of employee personnel, assistance in changeover, and training of new staff.

I am a member of the AICPA, Michigan Association of CPAs (MICPA), Michigan Governmental Finance Officers Association (MGFOA), Colorado Governmental Finance Officers Association (CGFOA), Colorado Municipal League (CML), Oakland County Treasurers' Association, and Michigan Municipal Executives, and I am an instructor of Plante Moran's continuing professional education program. I am also a member of the Professional Development Committee for MGFOA and a member of the Education Committee for CGFOA.

**Representative clients served:** Cities of Longmont, Greeley, Commerce City, and Loveland, CO; Town of Parker, CO; County of Oakland, MI; City of Detroit Water and Sewer Department; City of Detroit Department of Transportation; Oakland County Public Transportation Authority; Oakland County Art Institute Authority; Oakland County Zoological Authority; and the Cities of Detroit, Brighton, Birmingham, Eastpointe, and South Lyon, MI.

**Training and licensure:** I obtain over 40 hours of continuing professional education each year to adhere to the necessary qualifications to practice in the state of Colorado and meet the Yellow Book CPE requirements. I am licensed as a CPA in the state of Michigan and can practice in the state of Colorado under the reciprocal licensing statute that allows for license mobility.

**Fun fact:** My favorite vacations with the family are to Sanibel Island, Florida, where we can see dolphins and alligators, collect seashells, ride bikes around the island, and relax on the beach.



## Jamie Essenmacher, CPA, MSA

Colleague Partner

720-307-8168 | jamie.essenmacher@plantemoran.com

**Role:** As Plante Moran's local and dedicated representative who is authorized to discuss matters pertaining to this contract, I will be the City's primary contact. I am a leader in the Rocky Mountain region's public sector practice and will act as an additional technical and strategic resource to the City throughout the year.

**Experience:** I have 20 years of public accounting experience providing audit, bond compliance, federal compliance, grants management, and consulting services in our public sector practice. **I have 15 years of experience with ACFR reports, GFOA and ASBO certifications.** I serve as a contributor to our professional standards department as a quality control reviewer and perform technical standards reviews for the firm's K-12 practice. Additionally, I conduct internal staff training for the industry as well as external trainings for school district business officials.

**Representative clients served:** Littleton Public Schools, El Paso County School District No. 2 - Harrison, Estes Park School District, Weld County School District Re-1, The Vanguard School, Littleton Preparatory Charter School, and Littleton Academy.

**Training and licensure:** I obtain over 40 hours of continuing professional education each year to adhere to the necessary qualifications to practice in the state of Colorado, and I meet the Yellow Book CPE requirements. I am licensed as a CPA in the state of Michigan and can practice in the state of Colorado under the reciprocal licensing statute that allows for license mobility. I am in the process of transferring my license to Colorado and have completed all of the required CPE courses.

**Fun fact:** I recently moved my family from Michigan to Colorado to help grow the public sector practice at Plante Moran. We couldn't be more excited to be residents of Colorado!



## William Brickey, CPA

Colleague Partner

313-496-7231 | william.brickey@plantemoran.com

**Role:** I will bring a fresh perspective to your engagement in my role as your colleague partner. While I will be aware of all significant aspects of your engagement, you won't see me as often as your lead partner. This is intentional, as I can play a more valuable role in finding efficiencies, mining ideas, and delivering first-class service from an objective viewpoint.

**Experience:** With over 25 years of experience serving governmental clients, I work as part of the firm's governmental attestation and consulting practice, primarily serving numerous cities, counties, and other governmental entities. My recent experience beyond job management, training, supervision of staff, and communication with clients includes management of financial statement audits including compliance audits of federally funded programs, GASB implementation assistance, assistance with design and review of internal control systems, financial forecasting, water and sewer rate studies, developing strategic plans for multiyear budgeting, and general business consulting.

In addition to helping my clients with compliance-related matters, I provide practical, proactive advice throughout the year to ensure they stay up to speed and ahead of the curve in this ever-changing environment. My goal is to be a valuable resource and universal advisor, not just an auditor.

I am a member of the CGFOA and CML. I am also a member of the MGFOA Professional Development Committee. I frequently speak on a variety of governmental accounting topics and am the lead presenter for the MGFOA Back to Basics program — a three-day program covering the fundamentals of government accounting, budgeting, and financial statements (ACFR).

**Representative clients served:** Cities of Longmont and Loveland, CO; Counties of Oakland and Livingston, MI; Genesee County Drain Commission, MI; and the Cities of Detroit, Grand Rapids, Warren, Monroe, Wyandotte, Trenton, Southgate, Rockwood, Riverview, Gibraltar, Grosse Pointe Farms, and Grosse Pointe Woods, MI.

**Training and licensure:** I obtain over 40 hours of continuing professional education each year to adhere to the necessary qualifications to practice in the state of Colorado, and I meet the Yellow Book CPE requirements. I am licensed as a CPA in the state of Michigan and can practice in the state of Colorado under the reciprocal licensing statute that allows for license mobility.

**Fun fact:** I have played hockey since I was five years old and continue to play in two leagues. While not as fast as I once was, I enjoy the camaraderie. In the summer, you can find me enjoying the slower pace of golf.



### Josh Yde, CPA

#### Audit Principal

734-302-6921 | [josh.yde@plantemoran.com](mailto:josh.yde@plantemoran.com)

**Role:** I'll manage the overall audit engagement, ensuring that our team works collaboratively to deliver quality and efficient service. You will see me regularly as I work with the rest of our audit team and your staff. I want to hear what's going well (or not) and what issues are on your mind.

**Experience:** I am an audit principal serving governmental entities of all types, including cities and counties, single and multi-jurisdictional courts, transportation and transit authorities, water and sewer authorities, and special-purpose entities. I perform 12 governmental audits per year. I am also a member of our professional standards team. My experience also includes job organization and management, training and supervision of staff, communication with clients on emerging issues, creating various training programs, and assisting with our governmental technical standards department.

I am a member of the AICPA and the MICPA.

**Representative clients served:** City of Longmont, CO; Town of Parker, CO; Cities of Detroit, Grosse Pointe Woods, Saline, and Warren, MI; Huron Charter Township, MI; Grosse Pointe Woods Municipal Court; Saline District Library; Saline Area Fire Department; and Detroit Region Aerotropolis Development Authority.

**Training and licensure:** I have a Master of Accounting from the University of Michigan. I obtain over 40 hours of continuing professional education each year to adhere to the necessary qualifications to practice in the state of Colorado and meet the Yellow Book CPE requirements. I am licensed as a CPA in

the state of Michigan and can practice in the state of Colorado under the reciprocal licensing statute that allows for license mobility.

**Fun fact:** My undergraduate majors (math and history) are a small example of my long-held thirst for knowledge in a variety of areas, which has created some diverse hobbies, including rock climbing and brewing, and interests including travel and exploring cuisine.



## Nicolette Acho, CPA

### Single Audit Technical Specialist

313-496-7234 | [nicolette.acho@plantemoran.com](mailto:nicolette.acho@plantemoran.com)

**Role:** I will oversee the single audit planning to ensure all federal and state compliance concerns are addressed. I will also participate in frequent update meetings and communicate potential issues, challenges, or other relevant matters to management to ensure your single audit is completed on time and within scope.

**Experience:** I have 13 years of experience providing accounting and assurance services to various clients, including serving as the manager on audit engagements in the governmental industry. My client base is 95% governmental, so I have deep experience serving government clients. This experience includes being the industry leader for governmental federal single audits, assisting governmental clients with new accounting pronouncements and technical accounting issues, as well as changing legislative items. My experience also includes job organization and management, staff training and supervision, and coordinating various internal and external training programs.

I speak regularly to boards and councils, as well as at internal and external trainings and conferences. I am a member of the Wayne County Treasurers Association, the Michigan Governmental Finance Officers Association, Michigan Women in Finance, and the Chaldean American Chamber of Commerce.

**Representative clients served:** Cities of Longmont, Loveland, and Commerce City, CO; Northern Colorado Water Conservancy District. Cities of Charlotte, Detroit, Dearborn Heights, Wixom, Taylor, Bloomfield Hills, Garden City, Melvindale, Lathrup Village, Brownstown Township, and Redford Township, MI; Todd Creek Village Metropolitan District; Wayne County, MI; the Cities of Columbus and Akron, OH.

**Training and licensure:** I hold a B.A. and an M.S. in accounting from the University of Michigan-Dearborn. I obtain over 40 hours of continuing professional education each year to adhere to the necessary qualifications to practice in the state of Colorado and meet the Yellow Book CPE requirements. I am licensed as a CPA in the state of Michigan and can practice in the state of Colorado under the reciprocal licensing statute that allows for license mobility.

**Fun fact:** In college, when I wasn't studying for my accounting classes, you could find me playing on the women's basketball team. It's a sport I still love to this day.



## Marie Stiegel, CPA

Audit Principal and Government Technical Standards Specialist

616-643-4146 | [marie.stiegel@plantemoran.com](mailto:marie.stiegel@plantemoran.com)

**Role:** I will provide counsel on various aspects of your audit. I will serve as the independent professional standards reviewer (quality control) and a resource to both the engagement team and the City regarding technical accounting issues and new accounting pronouncements. You will have direct access to me for conversations and consultations as needed throughout the year.

**Experience:** I am an assurance principal with over 16 years of experience specializing in governmental auditing and consulting, as well as audits of federal awards. I am the technical group leader for the governmental industry. In this role, I assist our engagement teams with implementation of new accounting standards, perform technical research, and develop thought leadership and training materials.

My recent experience beyond audit management and supervision of staff includes preparation of long-range financial forecasts, governmental consulting, and leading the firm's governmental industry implementation of GASB's recent standards.

I am a member of the AICPA, the MICPA, and MGFOA (where I am chair of the standards committee).

**Representative clients served:** Cities of Commerce City, Greeley, Loveland, and Longmont, CO; Town of Parker, CO; City of Grand Rapids, MI; Counties of Oakland and Wayne MI; Michigan State Housing Development Authority; Michigan Finance Authority; and Northern Colorado Water Conservancy District.

**Training and licensure:** I obtain over 40 hours of continuing professional education each year to adhere to the necessary qualifications to practice in the state of Colorado and meet the Yellow Book CPE requirements. I am licensed as a CPA in the state of Michigan and can practice in the state of Colorado under the reciprocal licensing statute that allows for license mobility.

**Fun fact:** I am a loyal "coach's wife." My husband has been a head football coach at the high school level since 2010, and I have never missed a game. You can find me on the top row of the bleachers where I get best view.



## Brian Pesis

IT Consulting Senior Manager and Government and Public Sector IT Specialist

303-846-1260 | [brian.pesis@plantemoran.com](mailto:brian.pesis@plantemoran.com)

**Role:** I will assist the audit team with the IT general controls testing during audit fieldwork. I will also consult with the audit team on any technology-related questions or concerns that might come up during fieldwork, as well as non-audit technology-related discussions throughout the year.

**Experience:** I have over nine years of experience working with a variety of ERP/software systems for government and public sector clients across the country. I've managed and served as the lead consultant on numerous projects to assess, select, and implement enterprise software solutions. During software projects, I am adept at identifying opportunities for business process improvement, defining functional

requirements, and assisting with implementing the changes. My experience in enterprise software projects includes financial and human resources systems as well as asset/work management and utility billing solutions.

I am a member of the CGFOA and CSMFO.

**Representative clients served:** Cities of Arvada, Fort Collins, Glenwood Springs, and Greeley, CO; Adams County, CO; City of Cheyenne, WY - Board of Public Utilities; Cities of San Mateo, Daly City, Concord, Cupertino, Ontario, Milpitas, and Santa Maria, CA; Anoka County, MN; and Gwinnett County, GA.

**Training and licensure:** I have a B.B.A. from the University of Michigan – Stephen M. Ross School of Business. I obtain an average of 40 hours of CPE on an annual basis to stay current with the market and technology trends.

**Fun fact:** I love photography, and have captured many foxes, bald eagles, and bears in Colorado near my home in Pine. I even learned to ski here at the age of three.

## Your team's relevant continuing professional education

Below is a list of relevant professional education courses your audit team has completed over the past three years.

Program name	Completion date	Government Environment	Professional Proficiency	T. St. Andrew	W. Brickey	J. Essenmacher	J. Yde	N. Acho	M. Stiegel
Independence Training 2019 - Assurance Partner & Manager	7/12/2019	0	2.0			X			
Assurance Partner Manager Workshop 2019	7/24/2019	7.5	0					X	X
K-12 PSD Training 2019	8/1/2019	2.0	0			X	X		
Communications and Marketing & Personal Development	8/27/2019	0	18.0	X					
PM Pride Lunch & Learn: Creating Safe Spaces at Work 2019	9/3/2019	0	1.0				X		X
Risk Assessment Considerations in an SLG Financial Statement Audit	9/19/2019	2.0	0						X
In Focus: GASB Implementation Guides for Fiduciary Activities and Leases	9/26/2019	0	2.0						X
Partner & Member Meeting - Fall 2019	10/18/2019	0	3.5		X				
Tech Tours Fall 2019	10/25/2019	0	1.0						X
Partners - Senior Managers Annual Insurance Industry Training 2019	11/7/2019	0	2.0			X			
Real Estate and Construction University 2019	11/7/2019	0	4.5	X					
Manager and In-Charges Annual Insurance Industry Training (Invite Only) 2019	11/8/2019	0	8.0			X			
Women in Leadership Fall Regional Conference 2019	11/11/2019	0	3.5					X	X
GASB 84: Implementing the New GASB Fiduciary Activities Standard	11/21/2019	3.0	0	X					
Associates Meeting - 2019 (Invitation Only)	12/10/2019	0	2.0				X		X
Peer Review Update Webinar - 2019	12/20/2019	1.0	0		X	X	X		X
ASC 740 Introduction to Income Tax Provisions - 2020	1/10/2020	0	5.5				X		
GASB Update Webinar	2/5/2020	2.0	0						X
MGFOA 2020 Spring Seminar	3/3/2020	0	6.5		X				
Spring Seminar (multiple sessions)	3/3/2020	1.0	3.5						X
Tech Tours Spring 2020	5/11/2020	0	1.0			X			X
Analyzing State and Local Governments Client Affiliates and Independence Changes (Ethics) 2020	5/19/2020	0	1.0	X	X	X	X	X	X
Governmental/K12 Annual Industry Training 2020	5/21/2020	1.5	2.0	X	X	X	X	X	X
IASA Michigan Chapter Group Internet Session -- Accounting	5/27/2020	0	2.0			X			
Single Audit Specialist Refresher 2020	5/28/2020	4.0	0		X			X	X
K-12 Annual Industry Training - Part II 2020	6/1/2020	2.5	1.0			X			
Risk-Based Audit Planning for Indirect Cost Rate Audits	6/4/2020	2.0	0				X		
New Partner Orientation 2020	6/9/2020	0	4.0			X			
Preparing for a Remote Audit Webinar	6/16/2020	1.0	0						X
Remote Auditing & GASB	6/16/2020	3.0	0	X					
Single Audit Update 2020	6/29/2020	4.0	0	X	X	X	X	X	X
Assurance Partner Manager Workshop - Session 1 - Accounting Hot Topics (FASB) 2020	7/13/2020	0.5	3.0	X	X	X	X		
PD Blitz: Virtual Networking and PD Best Practices Webinar 2020	7/15/2020	0	1.0			X	X		X
PPP Loan Forgiveness 2020	7/20/2020	0	2.0	X					
PD Blitz: How to Conduct Virtual Meetings and Presentations Effectively 2020	7/21/2020	0	1.0	X		X	X		X
NFP Annual Meeting 2020	7/23/2020	4.0	0.5			X			
Presenter Credit: Developing the next Generation of Leaders	7/23/2020	0	3.0	X					
Assurance Partner Manager Workshop - GASB Accounting Hot Topics 2020	7/27/2020	2.0	0	X	X	X	X	X	X
PD Blitz: How to Generate Qualified Opportunities by Hosting a Virtual Roundtable 2020	7/28/2020	0	1.5				X		
Governmental Annual Industry Training Part 2 - Partner and Manager Track 2020	7/29/2020	4.0	0.5	X	X		X	X	X
PM Pride Lunch & Learn: Inclusive Workplaces and Hate Crime Reporting 2020	7/29/2020	0	1.0	X			X		

Program name	Completion date	Government Environment	Professional Proficiency	T. St. Andrew	W. Brickey	J. Essenmacher	J. Yde	N. Aho	M. Stiegel
Presenter Credits: Governmental Annual Industry Training Part 2 – Partner and Manager Track 2020	7/29/2020	2.0	0						X
Fraud in Government - Protect the Public's Money	7/30/2020	2.0	0	X					
K-12 PSD Training 2020	8/3/2020	2.0	0			X	X		
New Partner Orientation - Practice Management and Billing Training 2020	8/4/2020	0	2.0			X			
Communications and Marketing - Session 4	8/6/2020	0	4.5	X					
Session 4 of the Rainmaker Companies	8/6/2020	0	4.5			X			
Effects of PPP Loan Forgiveness on A/E Firms Overhead Rates	8/11/2020	1.0	0				X		
PD Blitz: How to Plan a Lead Generation Strategy for Virtual Tradeshows 2020	8/12/2020	0	1.0				X		X
Conversations on the Black Experience: A Virtual Townhall 2020	8/17/2020	0	1.0	X		X	X	X	
Assurance Partner Manager Workshop – Session 2 – Auditing in Current Environment 2020	8/18/2020	2.5	0	X	X	X	X	X	X
Service Industry APN Training 2020	8/24/2020	2.0	0				X		
Assurance Partner Manager Workshop - Session 3 - Audit Platform Next - operating differently in your role 2020	9/1/2020	2.0	0	X	X	X	X	X	X
Advanced Practice Management and Billing Training - Detroit/Flint/Auburn Hills Office 2020	9/18/2020	0	2.0	X	X			X	
PEG NextGen Training 2020 - Part 1	9/24/2020	0	2.0				X		
A Positive Attitude in a Negative World	9/28/2020	0	1.0	X	X				
Economic Update	9/28/2020	0	1.0		X				
GASB Update	9/28/2020	2.0	0		X				
Insights on the Past, Present, and Future 2020 Legislative Session; GASB Update; A Positive Attitude in a negative world	9/28/2020	1	4.0		X				X
MERS Update	9/28/2020	0	1.0		X				
PEG NextGen Training 2020 – Part 2	10/12/2020	2.5	0.5				X		
New Partner Orientation – Employment Law Training 2020	10/19/2020	0	2.0			X			
Assurance Partner Manager Workshop - Session 4 - Independence and the consultation process 2020	10/20/2020	0	2.0	X	X	X	X	X	X
Real Estate and Construction University 2020 – Part 1	10/20/2020	0	4.5	X					
Real Estate and Construction University 2020 – Part 2	10/29/2020	2.5	1.0	X					
Healthcare Provider Relief Funds Single Audit Training 2020	12/16/2020	1.5	0						X
Assurance Partner Manager Workshop – Session 5, Maximizing Review Time 2021	1/11/2021	0	1.0	X	X	X	X	X	X
Women in Leadership Virtual Regional Conference 2021	1/20/2021	0	2.5			X			X
Succession planning for government: Developing and retaining an effective workforce	2/24/2021	0	1.0	X					
Budget - A Critical Finance Function	3/5/2021	1.0	0		X				
Cost Allocation Plan	3/5/2021	1.0	0		X				
Hindsight is 2020	3/5/2021	1.0	0		X				
Insights on the 2021 Legislative Session - Current and Future; Financial Report Updates & GASB Updates	3/5/2021	1.0	1.0		X				X
Preparing for your First Single Audit	3/5/2021	1.0	0		X				
Navigating Component Units	4/13/2021	2.0	0						X
Michigan Specific Ethics 2019-21	4/16/2021	0	1.0	X	X	X	X	X	X
MGFOA Back to Basic Session I – Virtual	4/20/2021	9.0	0		X				
Plante Moran Public Sector Webinar Series: Charting GASB's Course	5/11/2021	1.0	0			X		X	
Governmental/K12 Annual Industry Training 2021	5/14/2021	1.0	2.0	X	X	X	X	X	X
Single Audit Bootcamp 2021	5/19/2021	5.0	0					X	
K12 Annual Industry Training – Part II 2021	5/20/2021	4.0	0			X			
New Partner Orientation 2021	5/20/2021	0	3.0	X					
Year of Understanding: Belonging at Plante Moran 2021	5/21/2021	0	1.5					X	X
Single Audit Senior Training 2021	5/24/2021	5.0	0					X	
Tech Tours Spring 2021	5/24/2021	0	1.0			X		X	X
MGFOA Back to Basic Session II - Virtual	5/25/2021	9.0	0		X				
Single Audit Specialist Training 2021	5/27/2021	3.0	0	X	X	X	X	X	X

Program name	Completion date	Government Environment	Professional Proficiency	T. St. Andrew	W. Brickey	J. Essenmacher	J. Yde	N. Aho	M. Stiegel
NFP Annual Update Training 2021 – Day 1 of 3	6/8/2021	1.0	1.0			X		X	
Upcoming GASB Standards; GASB Exposure Drafts (Yellow Book)	6/8/2021	1.5	0				X		
NFP Annual Update Training 2021 – Day 3 of 3	6/11/2021	1.0	1.0			X			
Behavioral - Behavioral Based Interviewing	6/14/2021	0	1.5	X		X	X		X
New Single Audit Specialist Training 2021	6/16/2021	2.0	0				X		
Partner & Member Meeting 2021	6/17/2021	0	3.0	X	X	X			
Yellow Book: Government Auditing Standards: Standards for Financial Audits (Yellow Book Compliant)	6/18/2021	1.0	0				X		
Detecting and Preventing the Top Ten Fraud Schemes: Property, Plant, and Equipment and Estimation Fraud Schemes	6/21/2021	1.0	0				X		
Fraud Update: Detecting and Preventing the Top Ten Fraud Schemes: Accounts Receivable Fraud Schemes (2020)	6/21/2021	0	1.0				X		
(MC) Service Line Lunch & Learn - PEG 2021	6/22/2021	0	1.0					X	
SEC Amendments to Independence Rules 2021	6/22/2021	0	1.0				X		
Workday Performance Training - Staff 2021	6/22/2021	0	1.5				X		X
Workday Performance Training – Team Partners/Supervisors/ATLs 2021	7/13/2021	0	1.5		X				
Year of Understanding: Intersectionality 2021	7/19/2021	0	1.5			X			X
Principal Orientation - Internal Accounting /Marketing 2021	7/21/2021	0	3.0						X
Assurance Partner Manager Workshop – Session 1, Quality Management – the responsibilities for Partners and Managers 2021	7/22/2021	2.0	0	X	X	X	X		X
Governmental Industry Training 2021 - Part 2	7/27/2021	2.5	1.5	X	X		X		X
New Partner Orientation – Practice Management and Billing Training 2021	8/3/2021	0	3.0	X					
Assurance Partner Manager Workshop - GASB Hot Topics 2021	8/10/2021	2.0	0	X	X	X	X		X
Assurance Partner Manager Workshop – Session 2, Auditing Hot Topics 2021	8/17/2021	3.0	0	X	X	X	X		X
PELA Virtual Conference August 2021 Session 2	8/18/2021	0	3.0				X		
IFRS CPE Sessions 2021 #1	8/24/2021	0	4.0	X					
Assurance Partner Manager Workshop – Session 3 Accounting Hot Topics (FASB) 2021	9/15/2021	0	1.5		X		X		
PELA 2021-The Importance of Personal Example	9/16/2021	0	1.0				X		
PELA Virtual Conference August 2021 Session 1	9/17/2021	0	3.0				X		
ITL Bi-Monthly Update – September 2021	9/20/2021	1.5	0.5						X
New Partner Orientation – Employment Law Training 2021	9/29/2021	0	1.5	X					
MGFOA Back to Basics 2021 Session III	10/19/2021	9.0	0		X				
PELA 2021-Avoiding the Bandwagon: Examples of Leadership Courage	10/20/2021	0	1.0				X		
Assurance Partner Manager Workshop – Session 4, Independence 2021	10/27/2021	0	1.0	X	X	X	X	X	X
Understanding Leadership Styles and Unconscious Bias Workshop - Sponsored by WIL (Invitation Only) 2021	10/29/2021	0	3.0	X	X	X	X		X
Senior Manager Training (Invitation Only) 2021	11/2/2021	0	8.0				X	X	
IASA Board 101	11/3/2021	0	1.0			X			
Real Estate and Construction University 2021	11/8/2021	1.0	2.0	X					
Business Combination Training & Deal Trends 2021	11/15/2021	0	3.0			X	X		
ITL Bi-Monthly Update – November 2021	11/15/2021	1.0	3						X
PELA 2021-Moving from Historian to Trusted Advisor	11/15/2021	0	1.0				X		
Healthcare Provider Relief Funds Single Audit 2021	11/29/2021	2.0	0					X	
Auditing Valuations - Business Combinations 2021	12/3/2021	1.0	2.0			X	X		
PELA 2021-Capitalizing on Personal Strengths and Talents	12/10/2021	0	1.0				X		
PELA 2023-Helping to Make Client Transitions Successful	1/5/2022	0	1.0				X		
ITL Bi-Monthly Update – January 2022	1/17/2022	1.0	0.5						X
PELA 2023-Setting and Accomplishing Worthwhile Goals	2/3/2022	0	1.0				X		
ARPA for NEU's Overview, Final Rule, and Next Steps	3/4/2022	1.0	0		X				
Cumulative stress and Supporting Distressed Team Members	3/4/2022	1.0	0		X				
Economic and Market Update	3/4/2022	1.0	0		X				

Program name	Completion date	Government Environment	Professional Proficiency	T. St. Andrew	W. Brickey	J. Essenmacher	J. Yde	N. Aho	M. Stiegel
Insights on the 2022 Legislative Session Year	3/4/2022	2.0	0		X				
ITL Bi-Monthly Update - March 2022	3/14/2022	3	1.0						X
MFGOA Back To Basics 2022 Session !	4/6/2022	3.0	0		X				
PELA 2023-Committing to a Personal Business Development Plan	4/18/2022	0	1.0				X		
Public Sector - Annual Industry Training	5/10/2022	5.0	0	X	X		X	X	X
Firmwide - Year of Action: Maintaining Balance and Mental Health - 2022	5/16/2022	0	1.5		X			X	X
ITL Bi-Monthly Update - May 2022	5/16/2022	1.0	1.0						X
PELA 2023-Business Development: Getting Better Every Year	5/17/2022	0	1.0				X		
Cyber - Ransomware Tabletop Exercise	5/18/2022	0	1.0			X			
Enterprise Risk Management	5/18/2022	0	1.0			X			
Ethics - The Impacts of State Statute & Administrative Rule on Your CPAs	5/18/2022	0	1.0			X			
Statutory/GAAP Update	5/18/2022	0	1.0			X			
Tax Update - Federal Credits & Incentives	5/18/2022	0	1.0			X			
K12 - Annual Industry Training Part II - 2022	5/23/2022	4.0	0			X			
MICPA Governmental accounting and Auditing Conference	5/24/2022	0	3.0					X	
MGFOA Back to Basics 2022 Session II	5/25/2022	3.0	0		X				
Not For Profit - NFP Annual Update Training - Day 1 of 3 - 2022	6/6/2022	2.0	0					X	
2022 NSAA Annual Conference	6/10/2022	11.5	0						X
Single Audit Updates	6/13/2022	6.0	0					X	
Assurance - Assurance Partner Manager Workshop Independence Training - 2022	6/14/2022	1.5	0	X	X	X	X	X	X
Single Audit - Single Audit Senior Training - 2022	6/14/2022	3.5	0					X	
Single Audit - Single Audit Specialist Training - 2022	6/16/2022	2.0	0				X	X	X
Governmental - Airport Industry Training and Update - 2022	6/17/2022	2.0	0					X	
T) Tax - DataSnipper - Preparer - 2022	6/20/2022	0	1.0					X	
Assurance - DataSnipper - Reviewer - 2022	6/22/2022	0	1.0					X	
Partner - Virtual Partner and Affiliated Entity Member Meeting - 2022	6/28/2022	0	3.0		X	X			
Firmwide - New Principal Orientation - 2022	6/30/2022	0	2.5		X				
ITL Bi-Monthly Update - July 2022	7/18/2022	1.0	1.0						X
Assurance - Partner Manager Workshop - Session 2 Accounting Hot Topics (FASB) - 2022	7/20/2022	0	3.0	X		X	X	X	X
Governmental - Annual Industry Training Part 2 - 2022	7/21/2022	4.5	0	X	X		X	X	X
Behavioral - Advisory Team Leader Training Day 1 - 2022	8/4/2022	0	4.5						X
Behavioral - Advisory Team Leader Training Day 2 - 2022	8/5/2022	0	5.0						X
K-12 EQR Training - 2022	8/9/2022	2.0	0			X	X		
Assurance - ASC 842 Leases: Lease Incentives - 2022	8/11/2022	1	1.0				X		
PMGAP - Summer Technical Training - 2022	8/15/2022	4.0	0					X	
Assurance - Assurance Partner Manager Workshop - Auditing Hot Topics - Part I - 2022	8/16/2022	4.0	0	X	X		X		X
AASHTO 2022 Internal/External Audit Committee Annual Meeting	8/24/2022	23.0	0				X		
Plante Moran The Rainmaker Academy: Session 1 Day 1	8/30/2022	0	6.5						X
Plante Moran The Rainmaker Academy: Session 1 Day 2	8/31/2022	0	5.5						X
Assurance - Service Industry AandA Training - Session 1 - 2022	9/7/2022	1.0	0				X		
GFOA Washington Update: Rescue Plan, Infrastructure and 2023 Crystal Ball	9/12/2022	0	1.0		X				
Infrastructure Investment and Jobs Act (IIJA) Funding Opportunities	9/12/2022	0	1.0		X				
Inside the Capitol: Michigan Legislative Update	9/12/2022	0	1.5		X				
Keynote: The Leadership Audit -How Behavioral Drives Impact Organizational Success	9/12/2022	0	1.5		X				
Economic Update Macro & Markets - Update and Outlook	9/13/2022	1.0	0		X				
Preparing for (and Surviving) A Single Audit	9/13/2022	1.0	0		X				
The Bond Ratings Process	9/13/2022	0	1.0		X				
The GFOA CPFO Program	9/13/2022	0	1.0		X				

Program name	Completion date	Government Environment	Professional Proficiency	T. St. Andrew	W. Brickey	J. Essenmacher	J. Yde	N. Acho	M. Stiegel
What happens when you combine Bar Codes and Financial Reporting? A panel discussion and XBRL Case Study at the City of Flint	9/13/2022	0	1.0		X				
Fall Institute Forum	9/14/2022	0	1.0		X				
Internal Controls - Viewing of All the Queens Horses	9/14/2022	2.0	0		X				
Assurance - Partner Manager Workshop - Session 3 - Auditing Hot Topics Part 2 - 2022	9/15/2022	3.0	0	X	X	X	X	X	X
ITL Bi-Monthly Update - September 2022	9/19/2022	2.0	0						X
Commonsense Ideas How to Get Along Better with Important People in Your Life	9/22/2022	0	1.5			X			
Cyber Attacks on the Rise and Ransomware	9/22/2022	0	1.0			X			
Stat Update	9/22/2022	0	1.0			X			
WIL - Practice Development for Women, a Rainmaker Event - sponsored by Women in Leadership (Invitation Only) - 2022	9/29/2022	0	3.0			X			X
Plante Moran 2022 Statutory and Regulatory Update Webinar	10/10/2022	0	3.0			X			
Assurance - Partner Manager Workshop - Independence - Part 2 - 2022	10/26/2022	0	2.0	X	X		X	X	X
Firmwide - Harassment Prevention - MANAGERS and PARTNERS - 2022	10/28/2022	0	1.5	X	X	X	X	X	X
Firmwide - Security Awareness - 2022	10/28/2022	0	1.5	X	X	X	X	X	X
US GAAP Business Combinations Masterclass	11/1/2022	0	2.0	X					
Independence - Fundamentals of Independence - 2022	11/11/2022	0	1.0	X	X	X	X	X	X
ITL Bi-Monthly Update - November 2022	11/14/2022	0	2.0						X
WIL - Confidence Mindset - Sponsored by Women in Leadership - 2022	11/16/2022	0	1.0					X	X
Life Accounting & Financial Reporting November 2022	11/22/2022	0	20.0			X			
Firmwide - Year of Action: Equity - 2022	11/30/2022	0	1.5	X			X	X	X
REC - Real Estate and Construction University - 2022	11/30/2022	0	4.5	X					
Plante Moran The Rainmaker Academy 2022-2023 Session 2 Day One	12/5/2022	0	6.5						X
Partner and Affiliated Entity Member Meeting DAY 1 - 2022	12/6/2022	0	5.0			X			
Plante Moran The Rainmaker Academy 2022-2023 Session 2 Day Two	12/6/2022	0	5.5						X
Partner and Affiliated Entity Member Meeting DAY 2 - 2022	12/7/2022	0	2.0			X			
Assurance - Service Industry - Aerospace and Defense Bootcamp - 2023	1/10/2023	2.0	0				X		
Assurance - FAR Audit Bootcamp - 2023	1/17/2023	6.0	0				X		
Assurance - ITL UPDATE MEETING - January - 2023	1/17/2023	2.0	0						X
NASACT Webinar: Electronic Financial Reporting: FDFA and More!	3/8/2023	2.0	0						X
Michigan Specific Ethics	4/22/2023	0	1.0		X	X	X	X	X
Back To Basics Session One	4/24/2023	5.0	0		X				
Plante Moran The Rainmaker Academy 2022-2023 Session 3 Day One	5/2/2023	0	9.5						X
Plante Moran The Rainmaker Academy 2022-2023 Session 3 Day 2	5/3/2023	0	7.0						X
Single Audit - Specialist Training - 2023	5/4/2023	3.5	0	X	X				
Governmental, K-12, Higher Ed - Public Sector - Annual Industry Training - 2023	5/8/2023	3.0	0	X			X	X	X
Assurance - Internal Inspection Training - 2023	5/19/2023	1.5	0					X	X
Michigan Specific Ethics-The Impact of State Statute & Administrative	5/19/2023	0	1.0	X					
GASB 94 and 96: Preparing to Implement New Guidance for P3s and SBITAs	5/23/2023	1.0	0				X		
K-12 - Annual industry Training Part II - 2023	5/23/2023	3.5	0			X			
Plante Moran Webinars   GASB 94 & 96: Preparing to implement new guidance for P3s & SBITAs	5/23/2023	1.5	0	X					
Back to Basics: Session II	5/24/2023	15.0	0		X				

Program name	Completion date	Government Environment	Professional Proficiency	T. St. Andrew	W. Brickey	J. Essenmacher	J. Yde	N. Acho	M. Stiegel
GFOA 2023 Annual Conference	5/24/2023	8.0	6.0						X
Advanced Topics in a Single Audit: Internal Control Over Compliance	6/5/2023	0.0	0	X					
Advanced Topics in a Single Audit: Schedule of Expenditures of Federal Awards	6/5/2023	1.0	0	X		X			
The New Yellow Book: Fieldwork Standards for Performance Audits: Reporting Standards for Performance Audits	6/5/2023	1.5	0	X					
Advanced Topics in a Single Audit: Reporting in a Uniform Guidance Compliance Audit	6/13/2023	1.0	0	X					
The New Yellow Book: Standards for Financial Audits	6/13/2023	1.0	0	X					
Reporting Requirements, Common Deficiencies in Single Audits	6/14/2023	1.0	0	X					
Plante Moran - Life Accounting and Financial Reporting 2023	6/23/2023	0	12.0			X			
Advanced Topics in a Single Audit: Compliance Auditing	6/27/2023	0.5	0	X					
Applying Uniform Guidance: Program-specific Audits: Requirements, Cost Principles	6/27/2023	1.0	0	X					
Assurance Partner Manager Workshop Quality Management and Independence Training - 2023	6/27/2023	0	2.5	X			X		X
The New Yellow Book: Standards for Attestation Engagements and Reviews of Financial Statements	6/27/2023	1.0	0	X					
Behavioral - TAP Role 5: Principal Orientation - Principal to Partner	6/28/2023	0	2.5				X		
Governmental - Annual Industry Training - Part 2 - 2023	6/28/2023	4.5	0	X	X	X		X	X

## Training resources and support

Our training programs emphasize our value-added approach to providing financial statement audits and consulting services. In addition to the training requirements of our profession, our staff undergo extensive training specific to our governmental clients, with a focus on government financial and accounting updates, relevant tax issues, specific audit training (including audits of federal programs performed under Uniform Guidance), continuous process improvement and total quality management, information system issues, and other operational matters.

### Representative governmental training courses for our staff

CPE PROGRAM NAME	DESCRIPTION	CPE CREDIT HOURS
Annual governmental update training	Offered to all staff, managers, and partners. This course discusses the upcoming GASB statements and other issues facing our governmental clients.	8
Governmental bootcamp	Required for all staff with three or fewer years of experience and offered to all other staff. This session provides an overview of unique considerations when auditing governmental entities.	4
Single audit reviewer training	For partners and managers. This session provides a more in-depth look at current changes to the single audit environment and helps attendees understand appropriate approaches to auditing the federal dollars being received.	4
Single audit bootcamp	Required for all staff with three or fewer years of experience and offered to all other staff. This session provides an overview of how to conduct a single audit from start to finish, which includes major program selection and compliance testing.	4
GASB 87 Webinar	Offered to staff and clients. This webinar explores the complexities of the new standard, including what qualifies as a lease and the new reporting requirements, and discusses key steps required for successful implementation.	1
GASBs 94 and 96 Webinar	Offered to staff and clients. This webinar explores the complexities of the new standards, including lessons learned from GASB 87, Public-Private and Public-Public Partnerships and Availability Arrangements, what qualifies as a SBITA, new reporting requirements, and discusses key steps required for successful implementations of these standards.	1

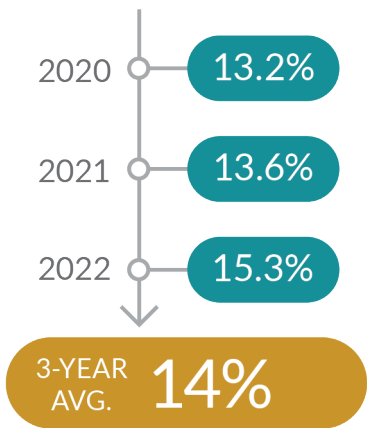
# Assuring staff quality

We guarantee your engagement will always be staffed by individuals who have current, relevant experience. The breadth and depth of our government-trained audit staff allows us to seamlessly provide quality staff to the City should a replacement be necessary. Our industry-focused firm model also means **our government specialists have worked together as an integrated team for most of their respective careers**. This not only demonstrates the team’s collective governmental audit expertise and quality, but also staff continuity. We have natural succession plans within the team structure as each individual gains experience. For example, a staff may develop into the senior role on the engagement, and the senior may take over as the manager. Due to the depth and experience of our bench of governmental practice staff, we are able to leverage and design a team structure that is best suited to the City.

## Staff continuity

**Our priority is for the professionals on your engagement to return year after year, especially when it comes to senior leadership.** Last year, our turnover rate among partners was only 5.2%, and our turnover rate among senior managers was only 10.2%. At an average of 14% over the past three fiscal years, our overall staff turnover rate has remained relatively low compared to that of the nation's largest firms. (Per [Inside Public Accounting’s 2022 annual report](#), staff turnover averaged 18.7% among the top 100 accounting firms, excluding the Big 4.)

We’re actively making investments to strengthen staff retention and limit turnover, especially as it relates to recent disruption felt within the accounting industry. We believe that our staff choose to stay with Plante Moran because of our established organizational culture that promotes teamwork, success, and close client relationships.



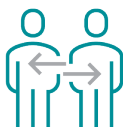
The above turnover rates are for the last three fiscal years ended June 30.

## WHY OUR STAFF CHOOSE TO STAY WITH PLANTE MORAN



### Team partner system

A team partner takes a high degree of interest in their team members' career and progression, including evaluating, coaching, and planning.



### Buddy system

The firm’s Buddy program pairs each new staff member with an experienced professional who supports their acclimation to the firm.



### WorkFlex Committee

Our WorkFlex Committee promotes work-life balance for all staff by designing firm programs and activities and sharing resources on our firm’s intranet and social platform.



### Diversity, Equity, and Inclusion (DEI) Council

Our [DEI Council](#), founded in 2003, is focused on the recruitment, retention, development, and promotion of diverse staff, along with creating an equitable workplace environment that welcomes and celebrates differences.



### Re-recruiting initiative

By applying the same principles of external recruiting to current employees, we can ensure our staff are happy and engaged with their work by offering new opportunities within different practice areas throughout the firm.



### Award-winning culture

Fortune magazine has recognized Plante Moran as one of the “100 Best Companies to Work For” every year since 1998. We were also named one of the Best and Brightest Companies to Work For in the Nation® in 2020, 2021, 2022, and 2023. View a complete listing of our awards [on our website](#).

**The proposer should identify the extent to which staff to be assigned to the audit reflect the City's commitment to Affirmative Action.**

## Equal employment opportunity commitment

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We are committed to a workplace that provides equal opportunity. To provide equal employment and advancement opportunities to all individuals, employment decisions at Plante Moran are based on merit, qualifications, and abilities. Plante Moran does not discriminate in employment opportunities or practices on the basis of race, color, religion, gender, national origin, age, disability, gender identity, sexual orientation, or any other characteristic protected by law.

We also commit to making accommodations for qualified individuals with known disabilities who ask for such accommodations. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

Plante Moran empowers all staff members to bring questions or concerns about any type of discrimination or retaliation in the workplace to their immediate supervisor, human resource generalist, or any other senior staff person. Staff members can raise concerns and make reports without fear of reprisal. Any staff member found to be engaging in any type of unlawful discrimination or retaliatory conduct is subject to disciplinary action, up to and including termination of employment.

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

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

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

## Should a team member transition be necessary

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We collaborate across the firm, industry groups, and service lines to deliver the best resources for your specific needs and we are never limited or influenced by geographic or service-based profit centers. Any “redesigns” are discussed with the City in advance of any transition. If there are any unforeseen staff departures, we will notify the City as soon as possible and onboard another qualified industry player to your service team, **subject to the City’s advanced consideration and approval**. We’ll set up an introductory meeting with your key staff and revisit plans for the engagement. Four things we consider in assuring staff continuity and quality:

- The City’s needs, preferences, and timeline requirements.
- Team members’ specific client experience that complements the City’s needs and accounting and reporting environment.
- Leverage, growth, and development of the team.
- Balance of continuity and fresh perspectives in our succession plans. Our turnover rate is well below the industry average, which allows us to develop and maintain a long-term relationship with the City well beyond the tenure of the current individuals involved in that relationship.

06. Prior Engagements with the City

List separately all engagements within the last five years, ranked on the basis of total staff hours, for the City by type of engagement (i.e., management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

Previous work performed for the City

City of Fort Collins	
Contact information	Blaine Dunn, Project Manager, Deputy Senior Treasury Analyst 970-221-6784   <a href="mailto:bdunn@fcgov.com">bdunn@fcgov.com</a>  Travis Storin, CPA, Accounting Director 970-416-2367   <a href="mailto:tstorin@fcgov.com">tstorin@fcgov.com</a>
Total hours	120
Date/timeframe	2019 - 2022
Engagement partner and key staff	Mark Warner, Tracey Rau, Brian Pesis
PM office locations	Denver CO and Southfield, MI
Scope of Work	IT Consulting services — Payment Processor Selection.



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**We will be delighted to have the City of Fort Collins as our valued client.**

Be it via community engagement or be it via client service, Plante Moran has always invested time, resources, and expertise towards Fort Collins' growth. Together, we will walk on a collaborative journey, where our combined expertise and unwavering commitment will unlock boundless potential and propel City of Fort Collins to new heights. With our shared mission of having exceptional service for an exceptional community, we are confident that this partnership will yield remarkable achievements for you.

— Chris Otto

Office Managing Partner, Plante Moran Fort Collins Office

## 07. 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 - 5) performed in the last five years that are similar to the engagement described in this request for proposal. 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.

### Similar engagements and references

Please feel free to contact any of these executives to hear about the Plante Moran experience and how well clients of a similar size and scope are served.

#### City of Greeley

Contact information	Tammy Hitchens, Deputy Finance Director 970-350-9777   <a href="mailto:tammy.hitchens@greeleygov.com">tammy.hitchens@greeleygov.com</a>
Total hours	1,500
Date/timeframe	Client since 2022
Engagement partners and key staff	Tim St. Andrew, Marie Stiegel
Scope of work	The City of Greeley provides a full range of governmental services and operates a variety of enterprise systems including water, sewer, and stormwater. Our deliverables include our opinion on the City's ACFR and a single audit.

#### City of Longmont, CO

Contact information	Ms. DeeAnn Hanson, Accounting Manager 303-651-8670   <a href="mailto:deeann.hanson@longmontcolorado.gov">deeann.hanson@longmontcolorado.gov</a>
Total hours	1,000
Date/timeframe	Client since 2019
Engagement partners and key staff	Tim St. Andrew, Bill Brickey, Lisa Meacham, Josh Yde, Marie Stiegel
Scope of work	The City of Longmont provides a full range of governmental services and operates a variety of enterprise systems including water, sewer, storm drainage, electric, and broadband. Our deliverables include our opinion on the City's ACFR, a single audit, and SCFD procedures. The City understands the need for timely and accurate financial reporting, and we have always met the agreed-upon deadlines.

#### City of Loveland, CO

Contact information	Ms. Joyce Robinson, Acting Chief Financial Officer 970-962-2313   <a href="mailto:joyce.robinson@cityofloveland.org">joyce.robinson@cityofloveland.org</a>
Total hours	1,000
Date/timeframe	Client since 2020

<b>Engagement partners and key staff</b>	Tim St. Andrew, Bill Brickey, Josh Yde, Marie Stiegel
<b>Scope of work</b>	The City of Loveland provides a full range of governmental services and operates a variety of enterprise systems including water, sewer, storm drainage, electric, and broadband. Our deliverables include our opinion on the City's ACFR and a single audit.

## Northern Colorado Water Conservancy District

<b>Contact information</b>	Brad Wind, General Manager 970-622-2320   <a href="mailto:bwind@northernwater.org">bwind@northernwater.org</a>
<b>Total hours</b>	500
<b>Date/timeframe</b>	Client since 2019
<b>Engagement partners and key staff</b>	Alisha Watkins, Nicolette Acho
<b>Scope of work</b>	Our deliverables include the financial statement audit of both Northern Water and the Municipal Subdistrict.

## Town of Parker

<b>Contact information</b>	Rhonda Willey, Controller 303-805-3227   <a href="mailto:rwilley@parkeronline.org">rwilley@parkeronline.org</a>
<b>Total hours</b>	200
<b>Date/timeframe</b>	Client since 2021
<b>Engagement partners and key staff</b>	Tim St. Andrew, Bill Brickey, Lisa Meacham, Josh Yde, Marie Stiegel
<b>Scope of work</b>	The Town of Parker provides a variety of governmental services and operates a stormwater enterprise system. Our deliverables include our opinion on the City's ACFR museum, and Science and Cultural Facilities District.

## 08. 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 proposal. In developing the work plan, reference should be made to such sources of information as City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

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

## Audit approach

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Our audit approach delivers an efficient and effective audit by balancing risk, value, and cost. We will provide frequent and clear communication, early identification of key accounting and auditing risk areas, senior-level involvement, and value-added commentary in our reports to management. More than that, we view our audit engagement with you as an opportunity to make a tangible difference in your organization's future.

### The three hallmarks of a Plante Moran audit



- Tailored to your unique needs
- Addresses your critical areas of risk and vulnerability
- Goes beyond mandatory procedures
- Includes suggestions for improving accounting procedures and internal controls
- Includes advice to improve your financial statement's effectiveness



- Planning meetings
- Weekly audit status meetings
- Additional ad hoc meetings
- Proactive email notifications
- Phone calls
- Visits (in person or virtual, as needed) during the off-audit period



- Seamless addition of other service and consulting experts when needed to accomplish your goals and objectives
- Access to experts in cybersecurity, employee benefit plan design, enterprise resource planning, IT consulting, and enterprise risk services

*See page 87 in the appendix for our additional service capabilities.*

## A seamless transition

The task of changing auditors will not be a burden on your internal resources and staff. We have developed a detailed and proven process that ensures a seamless transition through effective communication with the City's management and prior auditor. Our process also emphasizes upfront planning and an understanding of your unique needs. **In our most recent independent client satisfaction survey, 97% of respondents indicated that we are proactive to client needs.**



# Segmentation of the engagement

---

Our goal is to provide a smooth and efficient audit process, from engagement letter through statement delivery and beyond. We co-develop every element of our approach with you, tailoring each phase and process to your specific needs, from deadlines, to testing areas, to fieldwork, to frequency and forms of communication.

Our expertise with governmental clients tells us that the areas of significant risk include receivables and related revenue sources, outstanding debt issuances, grant revenue and spending, federal and state regulatory compliance, and financial statement presentation, including implementation and adoption of new and upcoming accounting pronouncements.

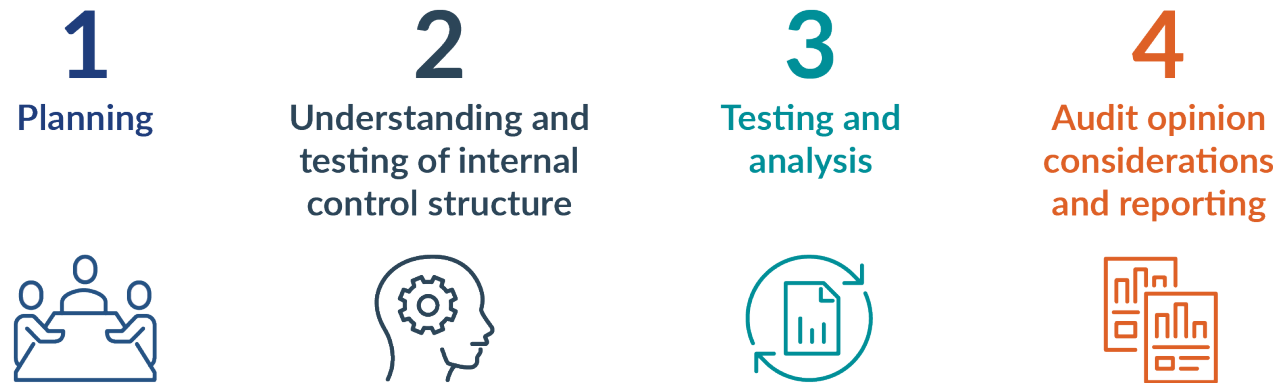
Our customized audit plans and programs are designed to address these risks and issues as part of our process — that is the key difference between us and other firms.

## Benefits the City will receive from our team

- Frequent status updates
- Increased efficiencies due to more senior-level involvement
- No surprises due to year-round professional standards integration
- Tailored client assistance lists
- Advice on potential operational and internal control improvements
- Real-time status of the audit through our Client Collaboration Center

## Phases of our audit approach

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# Levels of staff and hours segmentation

Below is how we envision the segmentation of hours for this engagement.

	PHASE 1 PLANNING	PHASE 2 INTERNAL CONTROL REVIEW	PHASE 3 TESTING AND ANALYSIS	PHASE 4 REPORTING AND DELIVERY
Partner	15	25	55	30
Manager	25	40	110	40
Supervisory staff	35	60	200	40
Staff and others	75	100	250	25
Total	150	225	615	135

## Manager and partner on-site participation

We prefer to work side by side with our clients and complete the audit. Our service delivery is designed to include significant partner and manager involvement. Your core team members such as Tim St. Andrew, Bill Brickley, Jamie Essenmacher, and Josh Yde will present during the audit whenever you need us. This brings our most knowledgeable and experienced team members on site to direct the audit and address and resolve any issues as they arise. We can perform our procedures remotely or in a hybrid approach. *Our virtual collaboration tools and detailed project planning enable us to deliver a high caliber of service either on site or remotely.*

## Professional standards integration

Plante Moran is unique because **our professional standards department is involved in the entire engagement, from consultation during planning, to fieldwork testing, to final signoff.** Marie Stiegel is a member of our standards team who specializes in government. She will review your financial statements and issues. **This continual involvement by our professional standards department helps ensure there are no surprises at year-end.**



**Our Client Collaboration Center houses a secure interactive audit management tool, readily accessible by both our team and yours. Our audit work plan, client assistance list, and sample requests are added as tasks, which are easily tracked and managed online.**

As your audit principal, my job is to ensure we execute our specially designed audit work plan and confirm client satisfaction throughout the process. When it comes to the planning phase, we focus on learning as much as possible about your needs and expectations. That is how we hit the ground running.”

— Josh Yde, Audit Principal

# Specific audit phases and procedures



## Phase 1 – Planning (the City’s involvement and internal team planning)

During our first year as your auditor, we’ll make an investment in getting to know you and your systems by budgeting (but not charging you) for increased partner and manager time. We anticipate spending approximately 50% more time on the first-year audit compared to subsequent years, but we will not charge you for this additional first-year time; we view this as an opportunity for us to make an upfront investment in our relationship.

Next comes our internal kick-off meeting. Our engagement team reviews the prior financial statement and familiarizes themselves with the key account balances and transaction cycles. We also read through prior AU 260 or AU 265 communications (end of audit letters) and discuss whether the City has any significant unique services. Once we gain a basic understanding of the City’s finances, a team of two to three staff (including the audit partner) visit the offices of the predecessor auditor to review audit workpapers and ask questions of the prior auditor as required by auditing standards.

### The planning process entails the following:

AUDIT PROCEDURE	DETAILED STEPS
Client planning meeting	<p>After some initial internal planning to rollover files and revisit issues from the previous audit, we hold a planning meeting with the City’s staff to:</p> <ul style="list-style-type: none"><li>• Determine time frames for beginning and completing the audit.</li><li>• Establish communication protocols based on your preferences (e.g., weekly status meetings).</li><li>• Identify primary audit contacts and any potential time conflicts they may have (vacations, heavy workload times, etc.).</li><li>• Obtain a list of related parties (Council, management, and other key staff).</li><li>• Request preliminary trial balance downloads so that we may code any new funds or accounts for our audit software.</li><li>• Cover expectations of “prepared by client” workpapers.</li><li>• Discuss any changes from the prior year in terms of operations, funds, accounting methods, software, etc.</li><li>• Discuss if and how the City addressed prior-year management letter comments or internal control deficiencies.</li><li>• Discuss any new laws or regulations, new compliance requirements, and/or new GASBs that need to be implemented.</li><li>• Communicate expectations for the audit process.</li><li>• Discuss the use of Plante Moran’s Client Collaboration Site and how this can help streamline document exchange between the City and the audit team.</li></ul>

**AUDIT PROCEDURE****DETAILED STEPS****Summarize pertinent documents**

As part of the audit, we are required to identify any significant contracts and agreements that impact the audit in terms of either accounting or footnote disclosures. For instance, we will ask for all union contracts so that we can summarize all pertinent sections relating to the audit, such as the provisions for overtime, sick pay, vacation leave, etc.

We will also review the following:

- Debt documents such as bond official statements
- Construction agreements for ongoing projects
- Intergovernmental agreements for shared services, etc.

**Excerpt Council minutes**

Our team will review Council meeting minutes from several months prior to the start of the year continuing through to the current date to further identify any actions taken that could impact the audit.

**Consideration of component units and joint ventures**

We will readdress the standing of component units and joint ventures. We use an internally designed decision matrix to document decisions to include or exclude potential component units and joint ventures.

**Fraud risk considerations**

We will perform the following procedures:

- Communicate to those charged with governance that we are planning for the upcoming audit. This step allows the Council to communicate with us if they have concerns about fraud risks or internal control deficiencies. This also gives the Council an opportunity to discuss concerns with us that could have a material impact on the financial statements. We always have at least one meeting with a member of the governing body and follow up with a letter to all members.
- Ask certain fraud-related questions of members of the management team.

**Legal invoice review**

We obtain a download of the invoices paid to all legal counsel and review them to gain an understanding of the types of cases or issues that are being handled. We then conclude as to which attorneys we should send confirmations.

## AUDIT PROCEDURE      DETAILED STEPS

### Baseline analytical review

The audit team will perform baseline analytical procedures using the following:

- Information gained from the above steps (significant events during the year, changes in reporting, etc.)
- The preliminary trial balance download obtained at or before the client planning meeting
- The annual budget and prior-year amounts

We have developed a template that identifies “unusual” account balances based on specific criteria and expected relationships between accounts.

For any accounts that are identified, we will follow up with management and determine if the situation results in a “significant audit risk.” In these cases, we flag the related transaction cycle and design a specific audit step (if none already exists) to test the item at the appropriate level.

### Establish materiality thresholds

As a result of the above procedures and based on the reliability of the initial download, we will set planning materiality thresholds. Planning materiality is set at the financial statement opinion level. After materiality is computed, we determine values for “large item thresholds” and “individually significant items.”

### Identification of outside service organizations

Based on discussions related to your accounting cycles, we will conclude whether the City is relying on any outside service organizations for processing of transactions that have a material impact on the financial statements. One example would be if the City is using a payroll processing company. If so, we attempt to obtain SOC reports performed by outside auditors that pertain to the period under audit or a significant portion of the period supplemented by a gap letter.

### Use of a specialist

Based on discussions related to your accounting cycles and the involvement of any specialized calculations, we decide whether the audit team will be required to rely on work performed by specialists. Some examples would include actuarial calculations, landfill closure, or post-closure costs, etc. If these situations exist, we perform procedures to document the credentials of the specialist.

**Schedule your IT assessment**

We will perform a review of the IT control environment and test certain operations in more detail in the following areas:

**General controls:**

- Authentication controls – network and financial applications, user access (terminations, changes, and reviews)
- Segregation of duties
- Administrative access
- Environmental controls
- Firewall log reviews
- Information security program
- Data interfaces
- Backup procedures

**Application controls:**

- Specific accounting applications
- Process for authorization and approval of transactions
- Ability to make changes to the software
- Access controls

These assessments will allow us to determine the extent to which we can use technology-based tools and specialized audit software in the performance of our work.



## Phase 2 – Understanding and testing of internal control structure

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Significant risk items and the related testing responses are important components of our audit approach. In assessing which risks are significant, we consider the following:

### FOUR TYPES OF RISK



#### **Client risk**

This is a significant risk or complexity particular to a specific client, such as unusual revenue arrangements, unstable political or economic environments, change in accounting systems (including IT environment, material weaknesses, and significant deficiencies in internal control), use of alternative investments (especially those not addressed by management), lack of personnel with appropriate accounting and financial reporting skills, and turnover of key financial staff.



#### **Industry risk**

These risks have been identified by our industry group leader and technical specialists and can change based on trends in governmental accounting. Revenue shortfalls and resulting constrained budgets, segregation of duties, concerns as staffing levels are decreased, new GASB implementation, new grant requirements, existence of restricted revenues, etc., could impact how we design our audit tests.



#### **Inherent risk**

Certain balances or account cycles are riskier by their very nature. Balances and transactions that are difficult to understand, involve large dollar amounts, or are subject to estimation may be inherently riskier. For example, cash is inherently riskier than fixed assets, since cash is more susceptible to misappropriation. In addition, accounts receivable balances that are subject to collectability concerns are riskier than prepaid account balances.



#### **Engagement risk**

Engagement risk increases with the size and complexity of the client. We consider significant transactions (in terms of size and/or volume) during the year, including items such as revenue, receivables, and payroll-related items.

As we brainstorm and analyze the above risk areas, we will identify any potential misstatements that could occur within each cycle.

## Fraud risk assessment

We focus our brainstorming discussions on identifying the following:

- External or internal pressures or points of stress affecting financial position
- Pressures or points of stress that could affect incentives or motivations in falsely reporting financial information
- Ways that financial information may be manipulated
- Level of integrity of management; including a culture that enables management to rationalize fraudulent behavior
- Situations that call for increased professional skepticism
- Ability to override controls
- Related-party transactions that may not be arm's-length

We identify the responses to the fraud risk questions posed to those charged with governance to determine if our typical audit procedures are sufficient to address these concerns or whether we need to design additional procedures.

We also incorporate one or more unpredictable audit procedures that correlate directly to an identified fraud risk. Our audit team considers what should be done to make sure there is some element of surprise by testing some balance or control that otherwise might not be tested each year.

## Specific testing approach

We've developed tailored audit programs to test significant transaction cycles. Using all of the information gathered thus far, we identify significant line items on the balance sheet and income statement (based on materiality and additional risks noted above), and we look to the transactional cycles that produce those balances. We will review each cycle and categorize each cycle according to the size, relevance of transactions flowing through the cycle, inherent risk, industry risk, fraud risk, and client risk. As a result, we categorize each key cycle as either a "Major Cycle" or a "Material but not Major Cycle."

As noted above, during the planning phase, we use baseline analytical procedures to help assess the risk associated with each audit segment through ratio and fluctuation analysis. This is done by comparing three years of trend history to current-year results. In certain low-risk areas (cycles that are not deemed "Major" or "Material"), we may conclude to rely on these "Baseline Analytics" for our substantive work. For these immaterial balances, we will develop further expectations for the current-year balance from other audit sections and through conversations with management, and then compare the actual results to this expectation. Any resulting difference that is not within an allowable range will be tested through substantive tests of transactions.

**FOR THE CITY, PRELIMINARILY, WE WOULD EXPECT THE FOLLOWING CYCLES TO BE DEEMED EITHER MAJOR OR MATERIAL:**

- |   |  |
|---|--|
| • Cash and treasury functions   | • Accounts payable and nonpayroll expenditures |
| • Investments and investment earnings and losses  | • Employee compensation                        |
| • Receivables, deferred inflows, and unearned revenue                                   | • Accrued liabilities                          |
| • Revenues (sales and use tax, property tax, other taxes, grants, charges for services) | • Debt obligations, leases, and guarantees     |
| • Capital assets  | • Interfund transactions                       |
| • Prepaid assets, deposits, and other assets  | • Fund balance/net position                    |
|   | • Pension and OPEB                             |

**For each Major or Material cycle, we consider the internal control procedures that are in place in assessing the accounting and control procedures as being either “reliable,” “limited reliability,” or “unreliable.”**

We are able to assess the accounting and control procedures only after we obtain an understanding of the procedures (through the use of very detailed accounting procedures questionnaires and control procedures questionnaires, as well as flowcharts, executive summaries, and other narratives). These questionnaires include documentation of procedures both within the normal computerized accounting system, as well as manual systems by which the transactions are initiated, authorized, recorded, processed, corrected as necessary, transferred to the general ledger, and ultimately reported in the financial statements.

In other words, we review your key processes from “the cradle to the grave.”

## Walkthroughs

Once we have reviewed the accounting procedures questionnaire and control procedures questionnaires prepared by your staff, we will include tests of transactions for all significant transaction cycles. We refer to this testing as COIN (Confirmation, Observation, and Inspection). COIN procedures allow us to conclude whether the system is really operating as management has designed. Any exceptions to controls are noted and evaluated for impact on the audit. We will also point these discrepancies out to the City’s management. These procedures allow us to assess the accounting system and determine if we can place appropriate reliance on internal controls in order to streamline year-end testing procedures. These tests will have sample sizes large enough to allow us to understand the key controls and accounting procedures.

We further assess control risk by performing a procedures and control evaluation (PACE) for each Major and Material cycle. We analyze whether there are controls in place to both prevent and detect errors that could potentially occur. The PACE will bring to light situations where the internal control structure may not be properly designed or may not have specific best-practice controls in place.

If the City is missing a key control, we will flag that area as a significant risk item and design additional tests to address this risk. Our goal is to plan and conduct examinations that are focused on areas with a risk of material misstatement, taking into account the systems, policies, and procedures that will

mitigate that risk. The accounting procedures and internal controls assessment described above will be conducted by senior audit specialists. These assessments will supply additional support to our assessments of risk, prove the integrity of the information provided by these systems, and help determine the design of our tests of year-end balances.

## Tests of controls

Based on the results of the above internal control assessments, we may be able to rely on further tests of controls to test transaction cycles or account balances that do not always lend themselves to year-end substantive balance testing. Some of these cycles include payroll and payroll-related expenditures and certain revenue cycles. In this case, we will design and perform tests of controls on an expanded-sample basis. We will follow the AICPA Audit Sampling Guide to arrive at the proper number of transactions to test for control reliance.



## Phase 3 – Testing and analysis

Using the results of phases 1 and 2, we will revisit the concept of “what could go wrong” in terms of identifying potential financial statement misstatements. For each transaction cycle (not just Major or Material Account cycles), we assess inherent risk and accounting risk to determine our planned “rest-of-audit” procedures. We make a determination at this point on whether we will design our audit testing of each cycle around control testing or a test of transactions. If we do not use control testing, we assess control risk at maximum which then requires us to perform more robust “rest-of-audit” procedures, which typically consist of substantive test of account balances. For each procedure we perform, we assign a level of assurance, and we perform a combination of procedures on each account or cycle such that we achieve the desired overall assurance level. The result is to verify that the amounts in the financial statements are fairly stated in accordance with generally accepted auditing standards (GAAS).

### Sampling and substantive tests of transactions

In situations where we substantively test balance sheet and revenue and expense accounts, we do so by evaluating the accounting process through a sample of individual transactions. Sample sizes will be determined based on our firm’s internally developed statistical models which follow the guidance set forth by the AICPA. These models provide for different levels of assurance to be obtained based on multiple input factors such as population size, multiple strata, period of greatest risk, strength of the internal control environment, and size of individual transactions. Sample selection methodology will for the most part be based on a judgmental selection of items which are of particular interest.

Based on our existing limited knowledge of the City, we believe the following areas are the key testing areas based on 2022 activity in the governmentwide and fund-based statements:

AUDIT PROCEDURE	DETAILED STEPS
Cash and treasury functions	<ul style="list-style-type: none"><li>• Key focus on existence</li><li>• Written confirmations of key accounts from banking institutions</li><li>• Reconciliation to trial balance — testing of key reconciling items including verifying deposits in transit are clearing soon after year end and testing of outstanding checks for validity</li><li>• Recommendation related to stale checks</li><li>• Testing of interbank transfers and wire transfer policy</li><li>• Review for “held checks”</li><li>• Computation of GASB 40 footnote disclosures related to insurance coverage</li><li>• Review of restricted cash balances including validity of restriction and appropriate use of restricted cash</li></ul>

AUDIT PROCEDURE	DETAILED STEPS
Investments and investment earnings and losses	<ul style="list-style-type: none"> <li>• Confirmation with investment custodian</li> <li>• Obtain SOC audit report for service organization (custodian/trustee)</li> <li>• Fair market value testing or price testing</li> <li>• Alternative procedures for those investments without a readily determinable fair market value, including impairment</li> <li>• Review of reconciliations</li> <li>• Testing of allowability of investments with state statute and the City's investment policy</li> <li>• GASB 40 footnote disclosures – interest rate risk, credit risk, foreign currency risk, concentration of credit risk</li> </ul>
Receivables, deferred inflows, and unearned revenue	<ul style="list-style-type: none"> <li>• Reconciliation to subledger</li> <li>• Review of subledger for unusual items</li> <li>• Subsequent receipt testing for larger receivables</li> <li>• Testing of process for calculating reserve for uncollectible amounts (including historical review, lookback on prior estimates for reliability)</li> <li>• Confirmation of certain receivables</li> <li>• Review of grant expenditures and proper offsetting receivable for reimbursement-based grants</li> <li>• Review for proper revenue recognition under GASB</li> </ul>
General revenues (sales and use tax, property tax, other taxes, misc.)	<ul style="list-style-type: none"> <li>• Potential for control testing related to taxes, including IT application controls over billing and processing</li> <li>• Substantive procedures for sales tax would include: <ul style="list-style-type: none"> <li>◆ Analytical procedures using historical data, population, sales data, and other factors</li> <li>◆ Lookback on prior year methodology as compared to actual receipts</li> </ul> </li> <li>• Substantive procedures for property tax would include: <ul style="list-style-type: none"> <li>◆ Review supporting schedules of real and public utility tax base</li> <li>◆ Analytical review of allowance including review of historical trends</li> <li>◆ Comparison of tax assessment data to revenue recorded taking into consideration verified tax base, millage rates in effect, expected TIF captures, taxpayer refunds, etc.</li> <li>◆ Analytical procedures based on property tax trends</li> <li>◆ Review of “measurable and available” criteria for revenue recognition in proper period for fund-based statements</li> </ul> </li> </ul>

AUDIT PROCEDURE	DETAILED STEPS
<b>Charges for services (local and state)</b>	<ul style="list-style-type: none"> <li>• Review of billing and collection systems and performance of tests of transactions using sampling</li> <li>• Analytical procedures using audited inputs and predictive tests. Recompute expected revenues based off of billing units, approved rates, and other types of adjustments, etc.</li> <li>• Perform analytical review</li> <li>• Re-perform calculation of unbilled revenue</li> <li>• Review analysis of reserve for uncollectible amounts</li> <li>• Potential for tests of controls</li> </ul>
<b>Grants</b>	<ul style="list-style-type: none"> <li>• Confirmation with granting agency</li> <li>• Coordination with single audit, if applicable</li> <li>• Vouching of receipts of grant dollars</li> <li>• Testing of corresponding disbursements for compliance and reporting</li> <li>• Review of significant grants for revenue recognition, taking into consideration if grant is a reimbursement grant</li> </ul>
<b>Capital assets</b>	<ul style="list-style-type: none"> <li>• Obtain rollforward of balances and accumulated depreciation</li> <li>• Review Council minutes for additions/deletions</li> <li>• Vouch significant additions</li> <li>• Trace proceeds for significant disposals for proper gain/loss treatment</li> <li>• Review significant assets for potential impairment issues</li> <li>• Ensure proper cutoff of expenditures</li> <li>• Review ongoing construction contracts to ensure that retainages are included in construction-in-progress</li> <li>• Analytically review depreciation expense and recalculate depreciation for a sample of items</li> <li>• Review of repair and maintenance accounts for capitalizable items</li> </ul>
<b>Prepaid assets, deposits and other assets</b>	<ul style="list-style-type: none"> <li>• Review the City's schedule of deposits and vouch material items</li> <li>• Review the City's schedule of prepaid expenditures and vouch material items ensuring proper amortization of expenditure to correct period</li> <li>• Understand the nature of any other significant assets, including reviewing minutes for any intangible assets that may not have been recorded as an asset</li> </ul>

AUDIT PROCEDURE	DETAILED STEPS
<b>Accounts payable, accrued liabilities, and nonpayroll expenditures</b>	<ul style="list-style-type: none"> <li>• Obtain detailed accounts payable subledger</li> <li>• Search for unrecorded liabilities, test for completeness by testing subsequent disbursements, documenting whether items are properly included or excluded from accounts payable</li> <li>• Test items on the accounts payable listing for propriety</li> <li>• Review open purchase orders</li> <li>• Vouch individually significant expenditures not tested elsewhere</li> <li>• Repperform clients computation of accrued payroll taking into account number of days in the pay cycle, payment date, clearing of checks in the payroll account subsequent to year end</li> <li>• Analytical procedures including comparing expenditures to prior year, budget, and expected balances</li> </ul>
<b>Employee compensation and expense</b>	<ul style="list-style-type: none"> <li>• Analytical procedures for payroll expense based on inputs such as number of FTEs, pay increases, etc.</li> <li>• Fringe benefit analysis using predictive tests based on known factors such as increases in healthcare and changes in number of employees</li> <li>• Obtain detail of employee compensated absence balances and test against caps in contracts. Perform sample testing of accumulation process for balances and cross-reference to payroll testing and use of paid days off</li> </ul>
<b>Debt obligations, leases, and guarantees</b>	<ul style="list-style-type: none"> <li>• Obtain the City's rollforward including new debt issued, payment made, and ending balances</li> <li>• Agree significant ending balances to amortization schedules</li> <li>• Vouch significant payments of both principal and interest</li> <li>• Confirm significant debt with paying agent or financial institution</li> <li>• Review debt for allowability under state statutes</li> <li>• Review for applicability of covenants and the City's compliance</li> <li>• Agree current portion and long-term portion to amortization schedules</li> <li>• Review for proper presentation in the financial statement footnotes in terms of general obligation debt, revenue bonds, and financial guarantees</li> <li>• Review for Council approval of any new debt issuances</li> <li>• Review for proper treatment of any bond refundings or defeasances</li> <li>• Review for proper recording of premiums, discounts, bond issuance costs</li> <li>• Recompute accrued interest payable based on next payment date, interest rate</li> <li>• Analytical review of interest expense</li> </ul>
<b>Interfund transactions</b>	<ul style="list-style-type: none"> <li>• Review balances outstanding between funds for allowability – ensure that restricted funds are not being borrowed by other funds</li> <li>• Review classification – any long-term borrowings should be reflected as advances with proper interest charged</li> <li>• Review for borrowing fund's ability to repay within one year; if not, report in lending fund as nonspendable</li> <li>• Review transfers between funds for propriety and proper classification as transfer, residual equity transfer, reimbursement, charge for service</li> </ul>

AUDIT PROCEDURE	DETAILED STEPS
Fund balance/net position	<ul style="list-style-type: none"> <li>• Test carryforward balances — ensure no transactions were posted directly to fund balance accounts</li> <li>• Verify appropriate classification based on restricted asset balances and other known restrictions</li> <li>• Recalculate computation of net investment in capital assets</li> <li>• Review for GASB 54 presentation</li> <li>• Ensure that footnotes properly explain restricted, committed, assigned balances</li> </ul>
Pension and OPEB	<ul style="list-style-type: none"> <li>• Review footnote disclosures for adequacy</li> <li>• Ensure pension and OPEB expenses are reflected properly by reviewing calculation and allocation base</li> <li>• Recalculate pension and OPEB expense taking rates and applying to payroll balances</li> <li>• Review the assumptions used in actuarial valuations</li> </ul>

## Journal entry testing

In addition to the above procedures, we also perform procedures related to journal entries. We review to ensure that:

- No journal entries were made outside of the normal accounting system.
- Journal entries are initiated and approved by authorized staff.
- Journal entries have appropriate support.

We identify “suspect” journal entries and follow up on them. Suspect entries could include entries made to seldom-used accounts, entries posted on the weekend, missing entries, etc.

## Testing of laws and regulations

During the planning phase, we will discuss laws and regulations that the City is subject to with management. As a new client, we will also be reading your charter and excerpting key ordinances. Our excerpting of pertinent documents, such as debt agreements and other contracts during the planning phase, could also identify legal provisions to which the City is subject. We will schedule a discussion with your legal counsel to discuss any special laws that may apply.

We will design audit procedures to provide reasonable assurance that the financial statements are free of material misstatement resulting from any violations of laws or regulations that have a direct and material impact on the financial statements.



## Phase 4 – Audit opinion considerations and reporting

At this point in the audit, we perform the following steps to complete the audit:



### Revisit our audit plan

to ensure we have performed the appropriate amount of testing on each balance or transaction cycle in order to allow us to opine on the financial statements



### Review the level of assurance obtained for each cycle



### Revisit materiality

to ensure that no adjustments are required as a result of significant adjusting journal entries



### Ensure all attorney confirmations have been obtained



### Request a representations letter

from the City's management



### Craft a management letter

from our listing of issues identified



### Complete a thorough financial statement disclosure checklist



### Review the "passed journal entry" listing

to ensure cumulative potential adjustments are not material to the financial statement opinion units



### Ensure that all audit team review notes are cleared

and all open items are resolved



### Perform a review of subsequent events

to ensure proper reporting of any transactions impacting the statement, including footnote disclosure



### Perform final analytical procedures

to ensure we understand the relationship between the final numbers in the financial statements and are comfortable that we have addressed any unusual items

## Extensive review process

A rigorous review is performed on all workpapers and financial statements by members of the audit team (senior, manager, and partner) and an additional review is performed by members of Plante Moran's professional standards team who specialize in the governmental industry. Marie Stiegel is a member of the professional standards team and will perform the quality control review to ensure the proper support is provided. This includes review stage analytical procedures. **This process has helped many of our clients receive the Certificate of Achievement for Excellence in Financial Reporting from the GFOA.**

Professional technical specialists are responsible for reviewing the audit team's conclusions in key areas as well as reviewing any adjustments proposed to the client's accounting records, adjustments not made due to immateriality, and identification and communication of material weaknesses or significant deficiencies. In addition, audit teams prepare detailed "significant items" documents that set forth the background, relevant accounting guidance, and ultimate conclusion related to any unusual or complex accounting matters of the audit.

Our audit teams are also required to schedule professional standards consultations before the start of any audit if certain conditions exist, such as the implementation of complex new GASB statements, existence of alternative investments, identification of prior-period adjustments, etc.

## **All workpaper and financial statement reviews will be performed in the field, including the manager and partner reviews.**

At the end of fieldwork, we will communicate results with management in a draft format. Our intention is that all wording and presentation issues will be resolved before this meeting.

We will formally communicate our findings to management, including:

- Auditor's responsibility under generally accepted auditing standards (GAAS) and *Government Auditing Standards*
- Significant accounting policies
- Management's judgment and estimates
- Audit adjustments, if any
- Control deficiencies, significant deficiencies in controls, and material weaknesses in controls, if any

## Feedback for us

We measure and monitor our progress in meeting your needs and expectations in two ways. First, ongoing, consistent communication between you and the engagement team is designed to constantly validate our strong service delivery. Your engagement and colleague partners will have constant involvement and contact throughout all phases of the audit. Second, our firm provides our clients with the opportunity to discuss the quality of service with our managing partner and through our annual client satisfaction survey. We encourage and seek candid feedback directly and through our independent and confidential forums. We will also meet with the audit committee to review the results of the audit and the financial statements.

## In addition:

- We do not cut corners on our audit process, but re-evaluate our plan each year, which requires multiple internal meetings to brainstorm and reassess risks.

- 
- Our workpapers contain “executive memos” for all audit areas we deem to be of highest significance. These memos fully outline how you operate and what the standards are for proper accounting.
  - Our robust governmental professional standards department, along with our governmental colleagues, are resources we use regularly to ensure the guidance we provide is of highest quality. As an example, we use consultation workflows for more complicated issues that are reviewed by the head of our governmental standards department as an example of our goal to “get it right.”

## Single audit: OMB Uniform Guidance testing approach

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Plante Moran is a recognized leader in the federal and state single audit arena. We are the second-largest single audit provider in the nation. Our staff are trained in and have significant experience performing federal audits in accordance with OMB Uniform Guidance. This expertise means the City will have ready access to knowledgeable staff who can provide quick answers and perform procedures whenever needed. Plante Moran maintains many contacts at the federal level to assist our clients in resolving issues as they arise. We have been active in both the establishment of standards and training related to single audits.

Our audit methodology focuses on testing organizational compliance with OMB Uniform Guidance, ensuring all objectives required in a federal program audit, along with those required by any individual granting agency, are examined and assessed based on risk. Our general audit approach is outlined below:

### Planning



#### Develop audit objectives

Develop audit objectives for each compliance requirement of the City based on types of program funding received using a combination of the grant agreement, the Code of Federal Regulations, and published compliance supplements and matrices.



#### Understand the organization and program details

Understand the City's programs, systems, and processes through use of a client questionnaire completed by the City's staff.



#### Assess risk

Perform risk assessment based on our experience with the programs, prior-year findings, and our understanding of the controls over the process, and through discussions with the City's management.



#### Assess compliance control environment

Review of environmental factors to identify overall effectiveness as it relates to federal programs.



#### Identification of major programs

Major programs are identified in accordance with the federal rules to determine the number of major programs to test to meet single audit requirements.



### Assess inherent risk

Assess the risk that errors could occur at the program level. Several factors are looked at in determining inherent risk, including, but not limited to, findings from other agency audits, the City's experience with the grant, prior findings, and guidance from the granting agency.



### Determine the nature, timing, and extent of audit procedures to be performed

Based on all planning procedures performed, audit procedures are designed and audit programs are prepared. We will coordinate timing of audit procedures with the City's staff. Our testing is designed to gather sufficient appropriate audit evidence whether the City has complied with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program.

Our Plante Moran team of single audit specialists has developed a comprehensive library of proprietary audit programs to test major programs. Due to our specialized team and their knowledge of OMB Uniform Guidance, our questionnaires, programs, and approach are continually being updated as new federal funding sources are identified. Our team analyzes the grant agreements, compliance supplements and matrices, and applicable sections of CFR to complete the audit programs.

## Sample sizes

Sample size selection is a critical component of the testing of federal programs. Plante Moran tests both internal control over compliance as well as compliance requirements that have a direct and material effect on each major program. We use the AICPA Audit Guide, *Government Auditing Standards*, and OMB Uniform Guidance to design an audit approach that includes audit sampling to achieve both objectives.

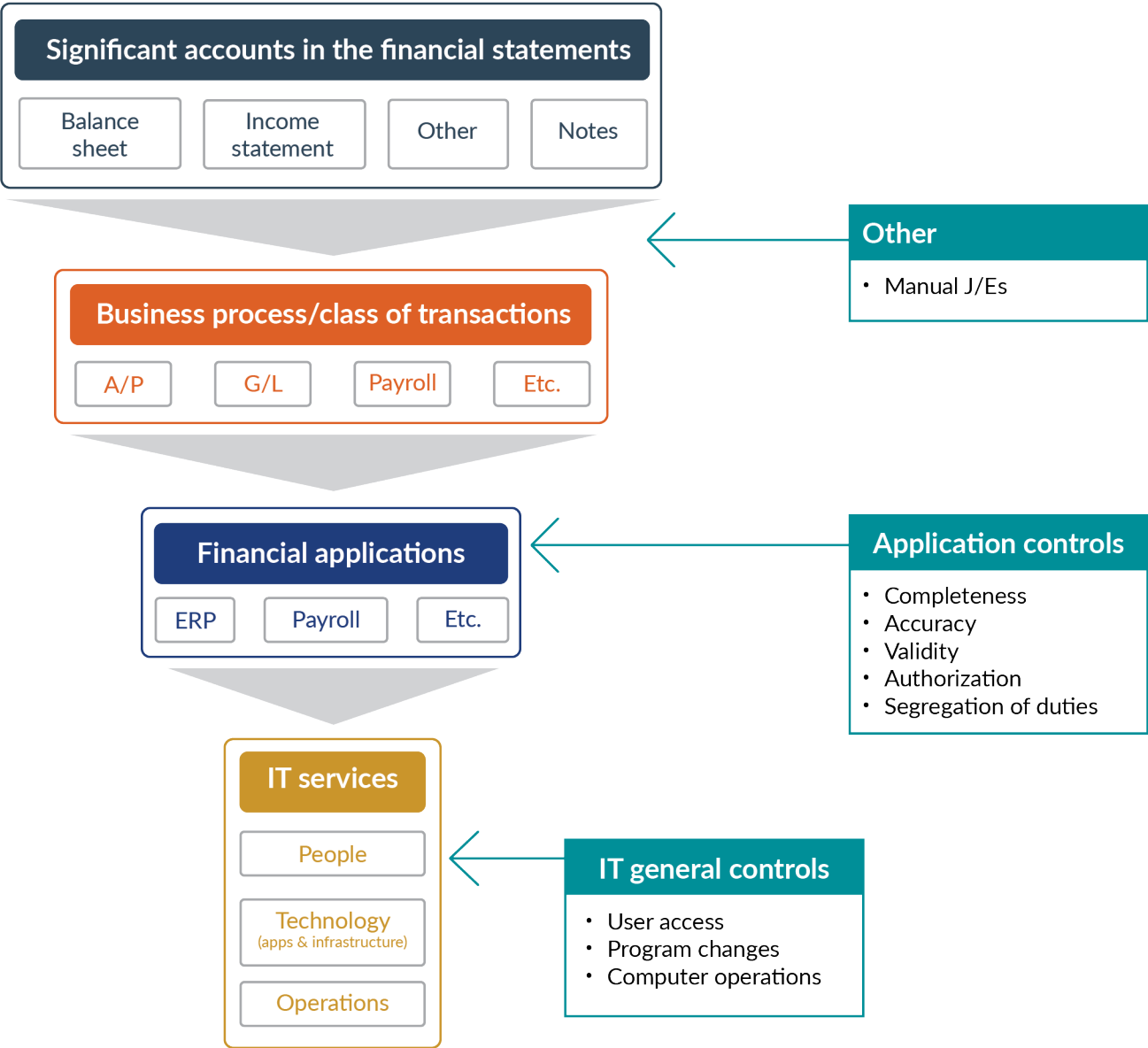
The identification of individually important items is not required by OMB Uniform Guidance; however, there may be benefits to such testing if they exist in a particular population. When planning compliance testing for each major program, we will use our qualified judgment to determine which items, if any, represent individually important items that may be separated from the remaining population and tested individually.

## Detailed testing

Since each grant requires customization based on specific grant agreements and additional requirements specified by the applicable U.S. agencies, our detailed testing plan will be finalized to include all related key controls and key compliance areas.

# Testing your systems

The City is large, and as such, has a complex IT system. Testing of this system is an important part of the financial statement audit. The chart below describes the relationship between IT, financial applications, business processes and transactions, and significant financial statement accounts. The IT testing includes IT general controls testing and application controls testing. The approach and methodology for this testing are described in detail in the following pages.



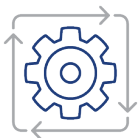
# Our use of technology

## Technology is a tool. Our people make it your advantage.

As you evaluate potential firms to partner with, the technology used by those firms is a factor you should consider. After all, technology-powered insights are essential to helping you understand the past, present, and future of your business. But the best insights aren't uncovered by technology alone. It's the experienced professionals who use it — analysts, data scientists, and audit and tax experts — who can deliver the true advantage.



As our client, the City will receive both: industry-leading audit and tax technologies, plus the right people to help you understand your business in ways you never could before. We'll make your financial trends more obvious and verify your risk is recognizable and healthy — all in a secure digital environment. Here's how:



### Automation

We use advanced audit technologies (incorporating machine learning and intelligent automation) combined with our proprietary audit methodology. Our approach **reduces repetitive processes, identifies anomalies in your data, flags areas for further review, and scans your documents in ways human eyes can't**. Our tax technologies automate preparation, review, processing, delivery, and authorization of tax returns.



### Collaboration

Our award-winning Client Collaboration Center is a HIPAA-compliant, full-service portal to **communicate and securely exchange data in a centralized location**. As a repository for project information, it allows us to collaborate with you remotely and provide transparency into engagement progress 24/7.



### Security

Our cybersecurity policies and controls protect your data both in transit and at rest. At no point is your data ever unencrypted. **Our most recent third-party audit of our security controls resulted in an unqualified SOC 2 Type I report, meaning we do not have any gaps in our security controls**. We request all our audit software vendors provide a SOC 2 report as well. These efforts are in addition to regular security trainings and phishing tests, and the use of AI to detect malicious or unauthorized activities on our network.

## Strategic relationships and resources

Our culture of ongoing innovation drives better results for our clients. That's why we've partnered with these leading technology providers to enhance your experience — and your outcomes:

MindBridge	Kira	Microsoft (PowerBI, SQL)	Bloomberg
Safesend	Wolters Kluwer	CaseWare IDEA	UiPath
Datasnipper	Alteryx	Tableau	Thomson Reuters

## Our technology tools in action

We've been recognized by InformationWeek, CIO Magazine, and Microsoft for our ability to design and deploy cutting-edge technology to empower our staff and serve our clients. However, we also know that further change is just around the corner. With Plante Moran, you'll have peace of mind that we're continually researching how AI, robotic process automation, blockchain, and other emerging technologies will continue to impact our work, and how we can use them to increase efficiency and provide deeper insights for our clients.

Today, we're using the following technology to perform sophisticated, insightful audit and tax engagements.



### AI-driven insights

- **MindBridge Ai Auditor** – Powered by machine learning, this advanced data analytics tool:
  - ◆ Analyzes data sets by simultaneously applying multiple rules-based statistical and AI algorithms to uncover anomalies.
  - ◆ Analyzes and visualizes historical trends to uncover patterns.
  - ◆ Translates your financial data into a fuller picture of what has happened over the periods analyzed.

This functionality results in improved risk identification and visualization, which contributes to a high-quality, tailored audit.

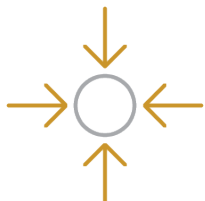
Plante Moran received the [Innovator Award at the 2021 MindBridge Community Awards](#) for our advanced use of the platform.

- **Kira** – This AI-powered contract review software makes it easy to get a quick picture of contract terms. It does this by using natural language processing to “learn” about a type of contract (lease agreement, debt agreement, software agreement, etc.), and then extract the key information during future reviews of similar contracts. Kira will identify issues in contract reviews earlier in the process, reduce the time needed to complete contract reviews, and increase accuracy.
- **UiPath Robotic Process Automation (RPA)** – We’re exploring how UiPath RPA bots can reduce manual or repetitive process steps during our engagements, which provides consistency, reduces the risk of human error, and frees up our time to serve you at a more meaningful, strategic level as your advisor.
- **Tax services + AI** – Our tax teams are adopting AI tools to identify and auto-populate data from client-provided source documents, eliminating manual input. These updates will allow our staff to turn their focus to data analysis, where we can provide the most value.



## Increased efficiency

- **Alteryx** – This tool combines data preparation, blending, and analytics (predictive, statistical, and spatial) into one simple, self-service user interface. This tool provides deeper insights in hours, not the weeks typical of traditional approaches.
- **CaseWare audit software** – We use CaseWare to access supporting documentation during an audit (using the software’s drill-down functionality) and then efficiently organize the data. The ability to synchronize information with our servers allows the team to view and update documents in real-time and work in the most efficient manner. Furthermore, we use CaseWare’s IDEA tool for data analysis during our audits. This tool helps our teams identify and select samples for clerical audit testing, identify and report exceptions and unusual items, perform mechanical tests such as footing and recalculating of fields and values, conduct journal entry testing, and perform trend, variance, or other statistical analysis.
- **Enhanced audit methodology** – Rather than subscribe to an audit methodology created by a third party, we’ve designed our own proprietary audit platform that features audit process automation, better risk identification and meaningful responses, faster response time to changing technology and audit standards, an improved user interface for client-facing tools, and best practices for quality and efficiency. Our audit tools are always customized to our clients’ industries, which enables us to continue providing the industry-focused audit methodology we’re known for.

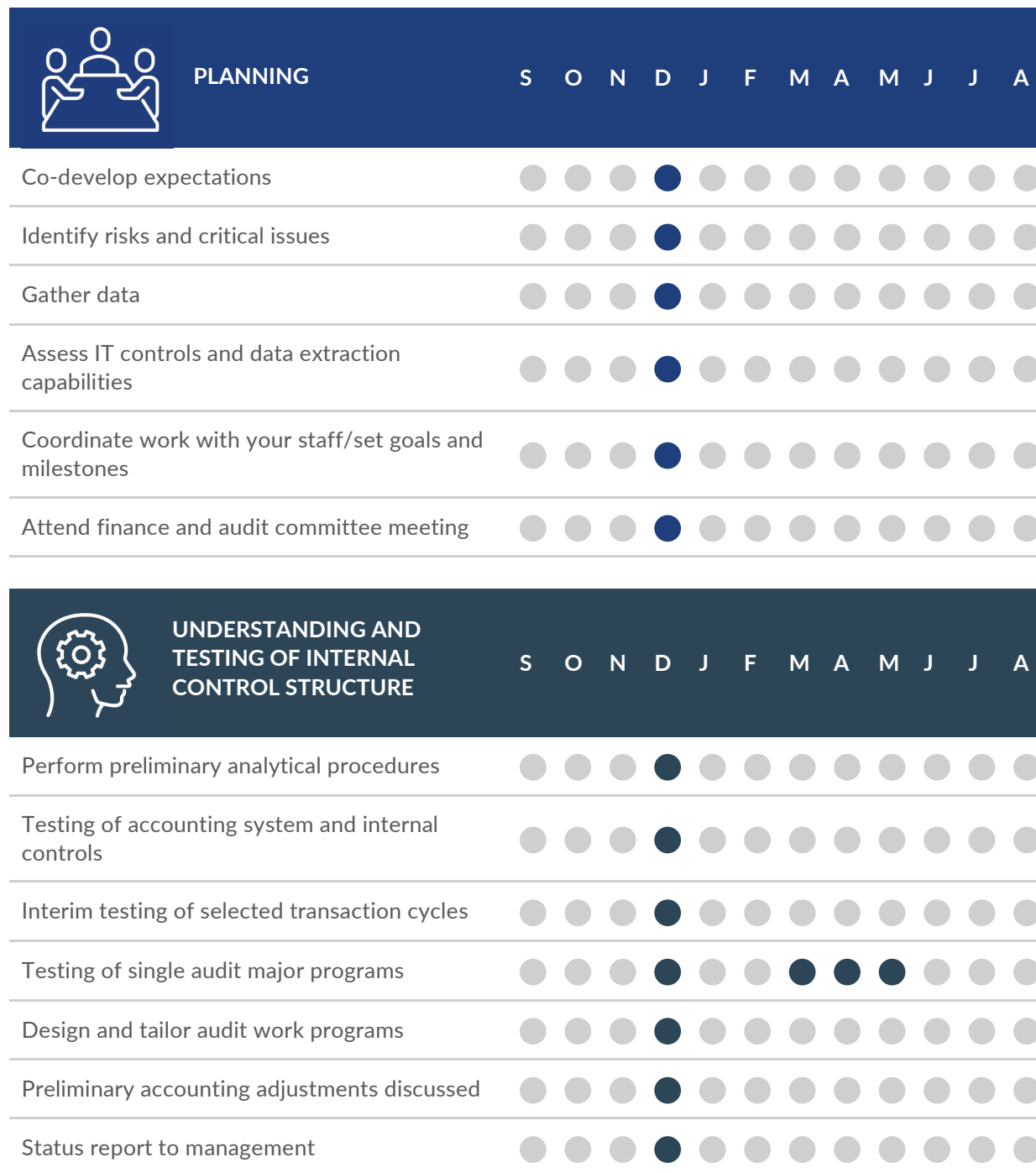


## Enhanced collaboration

- **Client Collaboration Center** - Our Client Collaboration Center portal allows us to communicate and exchange information with you in a centralized and secure location. The Client Collaboration Center acts as a data repository and provides a mechanism for sharing data, allowing us to perform our engagements remotely. It features an app called EZ Track that provides our clients with a prioritized list of document requests. You can drag and drop files to submit to our team, assign tasks, set timelines, review schedules prepared by others, and track your progress from an easy-to-read dashboard. We also have the following capabilities:
  - ♦ Ability to link your accounting information to our software.
  - ♦ Testing transactions and balances through our data extraction software, utilizing your electronic records for testing purposes.
  - ♦ Use of Plante Moran software and hardware at your location, allowing direct download of your general ledger and real-time completion and review of financial statements.

## Audit timeline

Below are the key deadlines we commit to meeting, as well as details on how we will execute.





## TESTING AND ANALYSIS

S O N D J F M A M J J A

Financial statement balance testing completed



Workpaper reviews conducted in the field



Final adjustments completed, if any



Financial statement drafts reviewed



## AUDIT OPINION CONSIDERATIONS AND REPORTING

S O N D J F M A M J J A

Communicate results with management verbally and in draft format



Deliver financial statements and management letters, if applicable



Assess performance against expectations via client satisfaction survey



Deliver audit results to finance and audit committee



## 09. 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.

### Anticipated potential audit concerns

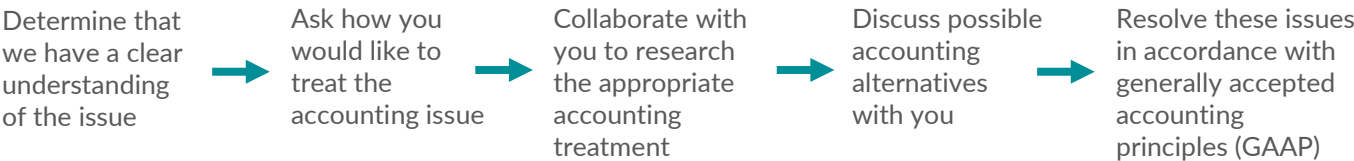
Over the next three years, we are aware of several new accounting pronouncements that will become effective, one of which is expected to have a significant impact on the City's financial reporting, as listed below. We anticipate that preparation for and implementation of these new accounting standards will result in multiple significant risk items in each year included in the term of this request for proposal. We will work with the City of Fort Collins well in advance to ensure that a plan for information gathering and financial reporting is established and communicated to all impacted parties, in order to ensure that the City's timeline for completion of each audit is not compromised. Federal and State assistance in response to the impact of the COVID-19 pandemic will also be an area of focus for the City in the coming year.

CITY CONCERN	DESCRIPTION
<b>GASB Statement No. 94</b>	Effective December 31, 2023, this GASB relates to Public-Private and Public-Public Partnerships and Availability Arrangements and how they are currently reported
<b>GASB Statement No. 96</b>	Effective December 31, 2023, this GASB relates to Subscription-Based Information Technology Arrangements and how they are currently reported

All new GASB implementations will be done from one proven, cohesive team. Working together, our team can support the City's plans for continued growth and value creation for today and for your long-term future.

### Approach to discussing findings and potential issues

If differences of opinion on technical matters occur between the City and the firm during the engagement, your engagement partner, Tim St. Andrew, and a member of our technical standards team will work through the following process with you:



Our goal is to alert you to potential accounting issues well in advance of the audit time and collaborate with you to resolve them. We are proactive in maintaining contact with our clients throughout the year. We meet with you outside the engagement time to discuss new developments, concerns, and possible issues. We also ask for copies of your internal financial statements and monthly board meeting minutes (if applicable) to stay updated on your operations.

## 10. Report Format

The proposal should include sample formats for required reports.

### Auditor's Report on the Annual Comprehensive Financial Report

#### **Independent Auditor's Report**

To the Honorable Mayor and Members of the  
City Council and City Manager  
City of Fort Collins, Colorado

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Fort Collins, Colorado (the "City") as of and for the year ended December 31, XXXX and the related notes to the financial statements, which collectively comprise City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City as of December 31, XXXX and the respective changes in its financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance

on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City's basic financial statements. The other supplemental information, as identified in the table of contents and the Local Highway Finance Report are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, and the Local Highway Finance Report are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated XXX on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

## **Auditor's Reports on the Federal Awards**

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Honorable Mayor and Members of the  
City Council and City Manager  
City of Fort Collins, Colorado

We have audited the financial statements of City of Fort Collins, Colorado as of and for the year ended December 31, XXXX and have issued our report thereon dated XXX, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to XXX.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

#### **Independent Auditor's Report**

To the Honorable Mayor and Members of the  
City Council and City Manager  
City of Fort Collins, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Collins, Colorado (the "City") as of and for the year ended December 31, XXXX and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated XXX.

#### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for

the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

### **Independent Auditor's Report**

To the Honorable Mayor and Members of the  
City Council and City Manager  
City of Fort Collins, Colorado

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the City of Fort Collins, Colorado's (the "City") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance

Supplement that could have a direct and material effect on the City's major federal program for the year ended December 31, XXXX. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, XXXX.

### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal program.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a

test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

# Forms



# Appendix C - Proposer Guarantees



Official Purchasing Document  
Last updated 10/2017 GP

## APPENDIX C

### PROPOSER GUARANTEES

The Proposer certifies it can and will provide and make available all services set forth in Scope of Work and Time Requirements.

Signature of Official: Timothy St. Andrew  
Printed: Timothy St. Andrew  
Title: Partner  
Date: July 21, 2023

### LIST OF PRINCIPALS

The names and titles of the Proposer's principals are:

1. Jim Proppe - Firm Managing Partner and Chief Executive Officer
2. Brad Virkus - Group Managing Partner, Industries
3. Bryan Welsh - Group Managing Partner, Assurance
4. Laura Claeys - Group Managing Partner, Michigan and Colorado Offices
5. A full list of our firm's management team can be found in the Appendix section.

Proposer: Plante & Moran, PLLC  
Address: 1098 Woodward Ave.  
City/State/Zip: Detroit, MI 48226  
Phone: 313-496-7200 Email: timothy.standrew@plantemoran.com

# Appendix D - Proposer Warranties



Official Purchasing Document  
Last updated 10/2017 GP

## APPENDIX D

### PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Colorado laws with respect to foreign (non-state of Colorado) corporations.
- B. Proposer warrants, that if it is awarded the contract it shall obtain and maintain during the Agreement term the following insurance coverage's with policy limits in accordance with NORA specifications:
1. Errors and omissions coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof;
  2. Professional liability coverage;
  3. Comprehensive general liability coverage;
  4. Automobile liability coverage, including hired and non-owned vehicles; and
  5. Workers' compensation.
- ~~Waiver of subrogation and hold harmless agreements will be agreed to for all of the above coverage.~~ Proposer will seek waivers of subrogation from its insurance companies. The City shall be named an additional insured for all insurance coverage where naming additional insured is permitted under the policy.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under the contract without the prior written permission of the City.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- E. Proposer acknowledges and agrees, pursuant to Municipal Code Sec. 8-157 (m) all proposals will be subject to public disclosure and interviews will be conducted in a public meeting by the City Council Finance Committee.

Signature of Official: Timothy St. Andrew

Name: Timothy St. Andrew  
(Print or type)

Title: Partner

Firm: Plante & Moran, PLLC

Date: July 21, 2023

# Appendix



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# Addendum receipt

We acknowledge the receipt of Addendum no. 1 along with the RFP 9835.

# Proposed exceptions

We propose the following modifications to the Sample Services Agreement provided in the City's RFP. We are eager to do business with the City and are open to negotiating these requested modifications. We are confident that we will be able to reach mutually agreeable terms — as we have with hundreds of our governmental clients.

RFP Page #	Section / Reference	Proposed Exception	Rationale
RFP Document			
6	1.E, last sentence	<p><b>Please Modify as Follows:</b></p> <p>The auditor will be required to make working papers promptly available, upon request, to the following parties or their designees:</p> <ol style="list-style-type: none"> <li>1. <del>Intentionally omitted-City of Fort Collins</del></li> <li>2. U.S. Government Accountability Office (GAO)</li> <li>3. Parties designated by the federal or state governments or by the City as part of an audit quality review process</li> <li>4. Auditors of entities of which the City is a subrecipient of grant funds</li> <li>5. Auditors of entities of which the City is a component unit</li> <li>6. 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.</li> </ol>	Under AICPA guidance for government audits, Plante Moran cannot agree to make its audit documentation available to City as it is the subject of the audit.
Appendix D			
22	B	<p><b>Please Modify as Follows:</b></p> <p><del>Waiver of subrogation and hold harmless agreements will be agreed to for all of the above coverage. Proposer will seek waivers of subrogation from its insurance companies.</del> The City shall be named an additional insured for all insurance coverage <del>where naming additional insured is permitted under the policy.</del></p>	<p>Plante Moran can agree to seek waivers of subrogation from its insurance companies.</p> <p>Plante Moran can agree to have the City named as an additional insured where the policy permits it.</p>
Sample Services Agreement			
25	15	<p><b>Please Modify as Follows:</b></p> <p>Remedies. In the event a party has been declared in default, such defaulting party shall be allowed a period of ten (10) days within which to cure said default. In the event the default remains uncorrected, the party</p>	Plante Moran can agree to remedies of termination and seeking actual direct damages or any other remedy through a legal action filed in a court of competent jurisdiction.

RFP Page #	Section / Reference	Proposed Exception	Rationale
		declaring default may elect to (a) terminate the Agreement and seek <del>actual direct</del> damages <del>through a legal action filed in a court of competent jurisdiction;</del> and/or (b) <del>treat the Agreement as continuing and require specific performance; or (c) avail himself of seek</del> any other remedy at law or equity <del>through a legal action filed in a court of competent jurisdiction. If the non-defaulting party commences legal or equitable actions against the defaulting party, the defaulting party shall be liable to the non-defaulting party for the non-defaulting party's reasonable attorney fees and costs incurred because of the default.</del>	Plante Moran does not agree to attorney fee-shifting provisions.
26	17.a	<b><i>Please Modify as Follows:</i></b>  The Service Provider agrees to indemnify and save harmless the City, its officers, agents and employees against and from any and all actions, suits, claims, demands or liability of any character whatsoever brought or asserted for injuries to or death of any person or persons, or damages to property, <del>in each case to the extent caused by the gross negligence or willful misconduct in arising out of, result from or occurring in connection with</del> the performance of <del>any</del> the service hereunder.	Plante Moran can agree to indemnify the City in proportion to Plante Moran's fault, if any.
27	20.f	<b><i>Please Modify as Follows:</i></b>  If Service Provider violates any provision of this Agreement pertaining to the duties imposed by Subsection 8-17.5-102, C.R.S. the City may terminate this Agreement. If this Agreement is so terminated, Service Provider shall be liable for actual <del>and consequential</del> direct damages to the City <del>arising out of that are proximately caused by</del> Service Provider's violation of Subsection 8-17.5-102, C.R.S, if, and to the extent, <del>so determined by a court of competent jurisdiction and not overturned or modified on appeal to the highest level.</del>	Plante Moran can agree to liability for actual direct damages proximately caused by a violation of this statutory section, if, and to the extent, so determined by a court of competent jurisdiction and not overturned or modified on appeal to the highest level.
Exhibit Insurance Requirements			
31	1	<b><i>Please Modify as Follows:</i></b>  The Service Provider will provide, <del>from insurance companies acceptable to the City,</del> the insurance coverage designated hereinafter and pay all costs. Before commencing work under this bid, the Service Provider shall furnish the City with certificates of insurance showing the type, amount, class of operations covered, effective dates and date of expiration of policies, <del>and containing substantially the following statement:</del>  <del>"The insurance evidenced by this Certificate will not reduce coverage or limits and will not be</del>	The first clause of the first sentence may be interpreted as allowing the City to require Plante Moran to change insurance companies, if the City deems the current insurance companies unacceptable. Plante Moran does not agree to this.  Plante Moran's insurance companies will not give notices to third parties.

RFP Page #	Section / Reference	Proposed Exception	Rationale
		<p><del>cancelled, except after thirty (30) days written notice has been received by the City."</del></p> <p><del>In case of the breach of any provision of the Insurance Requirements, the City, at its option, may take out and maintain, at the expense of the Service Provider, such insurance as the City may deem proper and may deduct the cost of such insurance from any monies which may be due or become due the Service Provider under this Agreement.</del> The City, its officers, agents and employees shall be named as additional insureds on the Service Provider 's general liability and automobile liability insurance policies for any claims arising out of work performed under this Agreement.</p>	Plante Moran does not agree to force-placed insurance.
31	2.B	<p><b><i>Please Modify as Follows:</i></b></p> <p>Commercial General &amp; Vehicle Liability. The Service Provider shall maintain during the life of this Agreement <del>such</del> commercial general liability and automobile liability insurance <del>as will provide coverage for damage claims of personal injury, including accidental death, as well as for claims for property damage, which may arise directly or indirectly from the performance of work under this Agreement. Coverage for property damage shall be on a "broad form" basis.</del> The amount of insurance for each coverage, Commercial General and Vehicle, shall not be less than \$1,000,000 per occurrence and \$2,000,000 aggregate and \$1,000,000 combined single limits <del>for bodily injury and property damage, respectively.</del></p>	

# Governmental audit clients

Our client roster includes more than 500 governmental entities, 200 K-12 education and public school district clients, 75 colleges and universities, and 1,000 not-for-profit entities across the country. Below is a sample of the governmental clients we serve. Entities that have received a Certificate of Achievement for Excellence in Financial Reporting from the GFOA are marked with an asterisk (\*).

## MUNICIPALITIES

- City of Akron, OH
- City of Allen Park, MI
- Township of Benton, MI
- Village of Berrien Springs, MI
- Village of Beverly Hills, MI
- City of Birmingham, MI\*
- City of Bloomfield Hills, MI
- City of Brighton, MI\*
- Township of Brownstown, MI
- City of Burton, MI
- Township of Canton, MI \*
- City of Charlotte, MI \*
- City of Chelsea, MI
- Chesterfield Township, MI
- Township of Clinton, MI
- City of Clio, MI \*
- City of Coloma, MI
- City of Columbus, OH\*
- Township of Commerce, MI
- City of Commerce City, CO
- City of Davison, MI
- Davison Township, MI
- City of Dearborn, MI \*
- City of Detroit, MI \*
- City of Eastpointe, MI
- City of Farmington, MI
- Fenton Township, MI
- Flint Township, MI
- City of Garden City, MI
- City of Gibraltar, MI
- Township of Grand Blanc, MI \*
- City of Grand Rapids, MI \*
- City of Grosse Pointe, MI
- City of Grosse Pointe Farms, MI
- City of Grosse Pointe Woods, MI \*
- Township of Hamburg, MI
- City of Harbor Beach, MI
- City of Harper Woods, MI
- Township of Highland, MI
- Village of Holly, MI
- Township of Huron, MI
- Independence Township, MI \*
- Township of Keeler, MI
- City of Lathrup Village, MI
- Township of Lincoln, MI
- City of Lincoln Park, MI
- City of Livonia, MI
- City of Longmont, CO
- City of Loveland, CO
- Township of Macomb, MI
- City of Madison Heights, MI
- Township of Marshall, MI
- City of Melvindale, MI
- Township of Milford, MI
- Village of Milford, MI
- City of Monroe, MI \*
- City of Mt. Morris, MI
- Orion Township, MI
- City of Port Huron, MI \*
- City of Northville, MI
- Township of Northville, MI\*
- Oakland Township, MI
- Town of Parker, CO
- Township of Redford, MI
- City of Richmond, MI
- City of Riverview, MI
- City of Rockwood, MI
- City of Romulus, MI
- City of Roseville, MI
- City of Saline, MI
- Township of Scio, MI
- Township of Shelby, MI
- City of South Lyon, MI
- City of Southfield, MI\*
- City of Southgate, MI
- City of St. Joseph, MI
- City of Sterling Heights, MI\*
- City of Swartz Creek, MI
- City of Taylor, MI
- City of Trenton, MI
- Township of Van Buren, MI
- Vienna Township, MI
- City of Warren, MI \*
- Township of Washington, MI
- Township of Waterford, MI \*
- Township of West Bloomfield, MI
- City of Westland, MI
- White Lake Township, MI
- City of Wixom, MI
- City of Wyandotte, MI

\*Awarded the Certificate of Achievement for Excellence in Financial Reporting from the GFOA.

## MICHIGAN COUNTIES AND OTHER GOVERNMENTAL UNITS

### COUNTIES

- Genesee County\*
- Livingston County
- Macomb County\*
- Oakland County\*
- Wayne County\*

### COUNTY ROAD COMMISSIONS AND OTHER RELATED ENTITIES

- County Road Association Self-Insurance Fund (CRASIF)
- Kalamazoo County Road Commission
- Kent County Road Commission
- Michigan County Road Commission Self-Insurance Pool\*
- Road Commission for Oakland County
- Washtenaw County Road Commission

### DISTRICT COURTS

- 16th District Court
- 17th District Court
- 18th District Court
- 19th District Court\*
- 20th District Court
- 21st District Court
- 23rd District Court
- 25th District Court
- 27th District Court
- 28th District Court
- 32A District Court
- 33rd District Court
- 35th District Court
- 37th District Court
- 39th District Court
- 41A District Court
- 41B District Court
- 47th District Court
- 51st District Court

### LIBRARIES

- Canton Public Library
- Flint Public Library
- Northville District Library
- Redford District Library
- Salem-South Lyon Library
- Saline District Library
- West Bloomfield Library
- Willard Library
- Wixom Public Library

### STATE OF MICHIGAN

- Mackinac Bridge Authority
- Michigan Bureau of State Lottery\*
- Michigan Education Trust
- Michigan Finance Authority
- Michigan Legislature
- Michigan Municipal League
- Michigan State Housing Development Authority

\*Awarded the Certificate of Achievement for Excellence in Financial Reporting from the GFOA.

### PUBLIC TRANSPORTATION CLIENTS

- Bishop International Airport Authority, MI
- Capital Area Transportation Authority (CATA), MI
- Central Ohio Transit Authority, OH
- City of Mount Clemens Dial-A-Ride funds, MI
- Coleman A. Young International Airport, MI
- Columbus Regional Airport Authority, OH
- Connecticut Airport Authority, CT
- Denver Regional Transportation District, CO
- Des Moines Airport Authority, IA
- Detroit Department of Transportation, MI
- Detroit Metropolitan Wayne County Airport, MI
- Mass Transportation Authority, MI
- Gerald R. Ford International Airport, MI
- Grand Junction Regional Airport, CO
- Metropolitan Airports Commission, MN
- Muhammad Ali International Airport, KY
- Nankin Transit Commission, MI
- Nashville International Airport, TN
- Oakland County International Airport, MI
- Ohio Port of Greater Cincinnati Development Authority, OH
- Ohio Turnpike and Infrastructure Commission, OH
- Pittsburgh International Airport (PIT), PA
- Regional Transportation Authority of Southeast Michigan, MI
- Rhode Island Airport Corporation, RI
- Sarasota Manatee Airport Authority, FL
- Suburban Mobility Authority for Regional Transportation (SMART), MI
- Washington and Bruce Townships STAR, MI

## PUBLIC UTILITIES

- Benton Harbor – St. Joseph Joint Sewage Disposal Board, MI
- Central Wayne County Sanitation Authority, MI
- Detroit Water and Sewage, MI
- Downriver Utility Wastewater Authority, MI
- Genesee County Drain Commission Division of Water and Waste Services, MI
- Hillsdale Board of Public Utilities, MI
- Karegnondi Water Authority, MI
- Michigan Public Power Agency, MI
- Northern Colorado Water Conservancy District, CO
- Northern Water and Municipal Subdistrict, CO
- Resource Recovery and Recycling Authority of Southwest Oakland County, MI
- Solid Waste Authority of Central Ohio, OH
- South Huron Valley Utility Authority, MI
- Southeast Oakland County Resource Recovery Authority (SOCRRA), MI
- Southeastern Oakland County Water Authority (SOCWA), MI
- SW Barry County Sewer & Water Authority, MI
- Western Townships Utilities Authority, MI
- Wyandotte Municipal Service Commission, MI

Those highlighted in teal above represent water and sewer utility clients that operate as separate authorities or districts.

## OTHER GOVERNMENTAL UNITS

- Aerotropolis Development Corporation, MI
- Attorneys Title Guarantee Fund, MI
- Battle Creek Unlimited, Inc., MI
- Birmingham Area Cable Board, MI
- Boulder Housing Partners, CO
- Canton Regional Chamber Health Fund, MI
- Chicago Teachers Pension Fund, IL\*
- Cincinnati Metropolitan Housing Authority, OH
- Colorado Health Facilities Authority, CO
- Columbus-Franklin County Finance Authority, OH
- Columbus Metropolitan Housing Authority, OH
- Conference-Western Wayne, MI
- Denver Housing Authority, CO
- Detroit Housing Commission, MI
- Detroit Retirement Systems, MI
- Detroit VEBAs, MI
- Detroit Wayne Integrated Health Network, MI
- Downriver Community Conference, MI
- Franklin County Municipal Clerk of Courts, OH
- Franklin Park Conservatory, OH
- Genesee County 911 Consortium, MI
- Grand Rapids Housing Commission, MI
- Huron Clinton Metropark Authority, MI\*
- Illinois Medical District Commission, IL
- Illinois Municipal Retirement Fund, IL\*
- Lansing Housing Commission, MI
- Los Angeles County Employees Retirement Association (LACERA), CA\*
- Macomb County Art Authority, MI
- Macomb County Zoological Authority, MI
- Metro Police Authority of Genesee, MI
- Michigan Assisted Living Workers' Compensation Fund, MI
- Michigan Community College Risk Management Authority, MI
- Michigan Municipal League Liability & Property Pool, MI
- Michigan Municipal League Workers' Compensation Fund, MI
- Michigan Municipal Risk Management Authority, MI
- Mid-Ohio Regional Planning Commission, OH
- Municipal Employees Retirement System of Michigan (MERS), MI\*
- National Conference of State Legislatures, CO
- New Hampshire Retirement System (NHRS), NH\*
- New York State Teachers Employees Retirement System, NY\*
- Northville Community Recreation Commission, MI
- Oakland County Art Institute Authority, MI
- Oakland County Public Transportation Authority, MI
- Oakland County Zoological Authority, MI
- Ohio Public Employees Retirement System, OH\*
- RiverSouth Authority, OH
- Southeast Michigan Council of Governments (SEMCOG), MI
- STAR Ohio, OH
- Taylor Community Development Corporation, MI
- Washington & Bruce Township Parks & Recreation, MI
- West Bloomfield Parks and Recreation Commission, MI
- West Michigan Risk Management Trust, MI
- West Michigan Workers' Compensation Fund, MI
- Western Michigan Health Insurance Pool, MI

\*Awarded the Certificate of Achievement for Excellence in Financial Reporting from the GFOA.

# Firm leadership

Plante Moran is strong as a firm because our people — and our leadership — are strong. Firm Managing Partner Jim Proppe leads our firm with the collaboration of nine group managing partners who are responsible for leading specific areas of the firm, as shown below. Other members of firm leadership include our chief information officer, chief financial officer, and director of human resources. This team steers our firm with a focus on future success, both for Plante Moran and the organizations we are privileged to serve.



**Jim Proppe**

Firm Managing  
Partner and Chief  
Executive Officer



**Frank Audia**

Group Managing  
Partner, Tax



**Brad Virkus**

Group Managing  
Partner, Industries



**Laura Claeys**

Group Managing  
Partner, Michigan  
and Colorado  
Offices



**Jason Drake**

Group Managing  
Partner,  
Chicagoland, Ohio,  
and International  
Offices



**Dennis Graham**

Group Managing  
Partner,  
Management  
Consulting



**John Lesser**

Group Managing  
Partner, Wealth  
Management



**Chris McCoy**

Group Managing  
Partner, Firm  
Administration



**Bryan Welsh**

Group Managing  
Partner, Assurance



**Paul Blowers**

Chief Information  
Officer



**Dan Trotta**

Chief Financial  
Officer



**Diana Verdun**

Director of Human  
Resources

# Northern Colorado presence

With 45 staff serving more than 775 clients, Plante Moran is **one of the largest groups of CPAs and business advisors in Northern Colorado**. We're dedicated to the community in which we live and work. Our professionals are actively involved with the Fort Collins, Greeley, and Loveland chambers of commerce, as well as other associations, so we can stay apprised of the issues our clients face and bring innovative ideas to the table.

17

years proudly serving  
northern Colorado

775+

clients in northern  
Colorado

40

staff members in our Fort  
Collins office

4

partners in our  
Fort Collins office

We actively recruit from **Colorado State University** and the **University of Northern Colorado**.



## Dedicated to the community

Giving time, talent, and funding to the community is part of our DNA. Our staff actively support numerous organizations and initiatives in northern Colorado, including:

- **Alternatives to Violence\***
- American Cancer Society
- Boys & Girls Clubs of Larimer County
- Character in Athletics Make it a Priority (CHAMP)
- ChildSafe Colorado
- Colorado Youth Outdoors
- Community Foundation of Northern Colorado
- Fort Collins Foothills Rotary Club
- Fort Collins Museum of Art
- Fort Collins Symphony
- Habitat for Humanity
- Hearts & Horses Therapeutic Riding Center
- Junior Achievement
- NOCO Unify
- Partners Mentoring Youth
- Project Self-Sufficiency
- Realities For Children
- SummitStone Health Partners
- Turning Point
- United Way of Larimer County

\*Selected for the firm's PM Cares initiative for the 2022-2023 fiscal year.

## Local and national honors we're proud to have earned

- Named among the "100 Best Companies to Work For" by Fortune magazine every year since 1998
- Best Accounting Firm in 2021 on ColoradoBiz magazine's Best of Colorado Business Choice awards

# Service capabilities

We have developed a comprehensive menu of services for our governmental clients. Our experienced, independent consultants can complement the expertise and skills of your in-house team.



## Financial

- Financial statement audit
- Public pension system audit
- Single audit
- Accounting & financial services
- Long-range planning



## Enterprise risk

- Enterprise risk management assessments
- Internal audit
- Internal control reviews
- Application controls
- Forensic, investigative services, & litigation support



## Operations & process

- Needs assessment
- Process redesign
- Operations review
- Rightsizing/cost containment
- Shared services/collaboration



## Technology strategy

- IT assessment
- Strategic planning
- Acquisition management
- Contract negotiations
- Project management
- Sourcing
- Cloud strategy



## Infrastructure

- Network assessment
- Design & acquisition
- Implementation management
- Video surveillance/door access control
- Enterprise wired/wireless design & selection
- Independent verification & validation



## Cybersecurity

- HIPAA/HITECH compliance
- Disaster planning
- SAS70/SSAE16/SOC assessment
- IT audit
- IT risk assessment
- PCI DSS assessment
- Network security assessment



## ERP

- Assessment & gap analysis
- Requirements definition
- Solution selection
- Contract negotiations
- Implementation management
- Independent verification & validation



## Facilities\*

- Facility analysis & rationalization
- Project & financial feasibility
- Owner's representation – design management & construction oversight
- Lease, buy, build, monetize, & sale/leaseback
- Bond strategy, planning, & campaign



## Human capital

- Employee benefit strategies
- Personnel assessment
- Early retirement incentive plan, design, & consulting

\*These services are provided by Plante Moran affiliates: Plante Moran Financial Advisors, Plante Moran Insurance Agency, Plante Moran Trust, P&M Corporate Finance, Plante Moran Cresa, Plante Moran Living Forward™, Plante Moran Real Estate Investment Advisors.

# Get to know more about Plante Moran



Click the items below to learn more about additional Plante Moran resources and initiatives that may benefit you.

## Committed to diversity, equity, and inclusion



We all belong at Plante Moran

[LEARN MORE](#)



Our commitment to our staff and clients

[WATCH VIDEO](#)



Serving you as you grow

[VIEW OUR FULL MENU OF SERVICES](#)



Do you have confidence in your cybersecurity controls?

[LEARN HOW WE CAN HELP](#)

## A steady stream of resources to keep you updated



Browse our resources

[LEARN MORE](#)



Customize your email experience

[SUBSCRIBE NOW](#)



Results from our most recent client satisfaction survey

[WATCH THE VIDEO](#)

**98%**

of clients say we have knowledge of their industry.

**98%**

of clients say we understand their organization's needs.

**98%**

of clients believe we provide sound business advice.

We're passionate about giving back to our communities



[READ MORE](#)

Named one of America's Best Tax & Accounting Firms by Forbes

Consistently ranked on FORTUNE magazine's list of "100 Best Companies to Work For"

[VIEW COMPLETE LIST OF OUR AWARDS](#)

# Commitment to ESG

For nearly 100 years, we've likened our firm to an orchard. It has "trees" that represent our clients, staff, and investments in the firm. When new staff come to the firm, they gain the benefit of capturing the fruit from trees that were planted before them, but they also have the duty to plant new ones. We call this stewardship, and we take it very seriously.

## Our environmental, social, and governance (ESG) stewardship extends beyond the walls of the firm.

### We work together to:



ensure honest and orderly commerce among the businesses and government entities we serve



fulfill our social responsibility of maintaining a healthy workplace for our staff



advance underrepresented groups and minimize our impact on the environment

## What our ESG commitment looks like in action



### Our business

#### Corporate citizenship and business model resilience

- Ethics, fraud, and anti-corruption policies
- Legal and regulatory oversight
- Mechanisms for advice and concerns about ethics
- A culture that embraces change and innovation
- Formally documented business disruption programs for business continuity, disaster recovery, and cyber incident response

#### Environmental sustainability

- Multiple offices with the Leadership in Energy and Environmental Design (LEED®) certification
- Digital solutions for collaboration and client service, reducing office space, waste, and travel

### Our clients

#### Independence, data privacy, and security

- Objectivity and freedom from conflicts of interest, in accordance with all professional standards
- Formalized risk management program that includes an annual external SOC 2 Type I assessment and internal risk assessment based on the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF)

### Our people

#### A culture that puts our people first

- "Workplace for Your Day," our hybrid work model to promote work/life balance
- Flexible scheduling, alternative work arrangements, and dependent care support
- Financial wellness and mental health toolkits

#### Diversity, equity, and inclusion (DEI)

Read our published [DEI report](#) for more detail on:

- Actions to recruit, retain, develop, and promote diverse staff, along with creating an equitable workplace that celebrates differences
- Staff resource groups that assist with managing diversity-related challenges in the workplace, and optimize diverse staff potential

### Our community

#### Business leadership and community support

- Participation in the AICPA and state CPA societies, including initiatives to increase the pipeline of diverse professionals in public accounting
- Corporate sponsor of [the Exceptional Academy](#) and local community partnerships, including the National Association of Black Accountants
- [PM Cares program](#)

# Commitment to sustainability

Like you, we're prioritizing sustainability across our business practices. We're making significant strides in the areas of building design and furnishings, energy efficiency, paper conservation, waste reduction, and water efficiency, as described below.



## Firm-wide sustainability efforts

---

### Efficiency in design and furnishings

Our offices are furnished with the environment in mind:

- Our seating products make extensive use of recycled, recyclable, and renewable resources.
- Low-emitting paints and floor coverings are used extensively in office construction.
- Recycled flooring, including cork, bamboo, and carpet, is used throughout our offices.
- Appliances, printers, copiers, and laptops are ENERGY STAR® rated.
- Our offices are equipped with occupancy sensors for thermostats and lighting, and several offices receive significant day lighting in occupied spaces.

### Conservation and waste reduction

- All technical equipment and cables recycled or sold (0% transferred to landfills)
- Utilization of recycled paper products
- Recycling of paper, electronics, light bulbs, batteries, plastic, glass, cardboard, cans/bottles, copier ink, cartridges, and more
- Increased use of technology in our engagements to significantly reduce paper use
- Firmwide copier/printer ink/toner recycling program and multifunction printers with solid ink technology
- Replacement of disposable plastic kitchen utensils with biodegradable utensils or silverware, cups, and dishes that can be reused
- Use of high-efficiency LED light bulbs

## Leadership in Energy and Environmental Design (LEED)

---

We currently have nine LEED® Accredited Professionals on staff, as well as multiple offices with the LEED building certification. We have already observed the tangible impact of this program. For example, implementation at our Grand Rapids office had the following results:

- Careful selection of water-efficient features led to a 42% reduction in potable water usage by this LEED-CI Gold Certified office.
- 50% of all construction waste was reclaimed and recycled, diverting it from landfills.

# Diversity, equity, and inclusion

At Plante Moran, the words “diversity,” “equity,” and “inclusion” aren’t just buzzwords; they’re principles to live and work by, and they’re mission critical. When we can recognize — and celebrate — our many human differences, we’re able to create a workplace where all staff feel a sense of belonging and an opportunity to succeed, which translates to better service for our clients.

Formed in 2003, Plante Moran’s Diversity, Equity, and Inclusion (DEI) Council was established to guide the firm toward long-term success and growth in diversity practices. We’re committed to making meaningful progress and becoming a better representation of the clients and communities we serve.



Read more and access our [2023 Diversity, Equity, and Inclusion Annual Report](#).

## How we’re living by our commitment:

We are committed to diversity, equity, and inclusion because we know that more diversity among our staff means more diversity in perspectives and, therefore, more innovative solutions for our clients. And an emphasis on inclusion means happier staff and increased staff retention and continuity on client engagements.

Our staff resource programs, educational initiatives, and community engagement put action behind our passion for promoting diversity, equity, and inclusion firmwide, within the industry, and within our communities.



We invite you to [watch our short film](#), which outlines how we’re taking action to promote diversity, equity, and inclusion within the firm and in our communities.



According to our recent  
client satisfaction survey,

**98%**

of clients say they

**would recommend  
Plante Moran.**

**We look forward to working with you.  
Please contact us with any questions.**



**Timothy St. Andrew, CPA**  
Engagement Partner

313-496-8542  
timothy.standrew@plantemoran.com



**Jamie Essenmacher, CPA, MSA**  
Colleague Partner

720-307-8168  
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**William Brickey, CPA**  
Colleague Partner

313-496-7231  
william.brickey@plantemoran.com



**plante moran**

Audit. Tax. Consulting.  
Wealth Management.



**JULY 21, 2023**

Contact:

Timothy St. Andrew, Engagement Partner  
Plante Moran

8181 E. Tufts Ave., Suite 600

Denver, CO 80237

313-496-8542

[timothy.standrew@plantemoran.com](mailto:timothy.standrew@plantemoran.com)

## **CITY OF FORT COLLINS, COLORADO**

Financial Audit Services – Cost Proposal

RFP # 9835



July 21, 2023

Plante & Moran, PLLC  
8181 E. Tufts Ave., Suite 600  
Denver, CO 80237

Sealed Dollar Cost Bid for  
City of Fort Collins CO

As the appropriate official of Plante & Moran, PLLC, I, Timothy StAndrew, do hereby certify that I am entitled to represent Plante & Moran, PLLC, am empowered to submit the bid, and am authorized to sign a contract with City of Fort Collins CO (the City).

Timothy St. Andrew, CPA  
Engagement Partner  
Plante & Moran, PLLC  
July 21, 2023

Plante Moran's total all-inclusive fixed fees for the 2023 through 2027 engagements are as follows:

Fiscal period ending 2023	\$	209,250
Fiscal period ending 2024		215,500
Fiscal period ending 2025		221,975
Fiscal period ending 2026		228,625
Fiscal period ending 2027		235,500
Total for fiscal periods 2023 — 2027 \$		1,110,850

## 01. Total All-Inclusive Maximum Price

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

The City will not be responsible for expenses incurred in preparing and submitting the Technical Proposal or the Dollar Cost Proposal. Such costs should not be included in the proposal.

The first page of the Dollar Cost 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.

Please see above.

c. **A Total All-Inclusive Maximum Price for the 2023 engagement and subsequent 4 years (Fill-out Appendix A).**

**Appendix A**

**Schedule of professional fees and expenses**

Nature OF SERVICE TO BE PROVIDED	MAXIMUM ALL-INCLUSIVE TOTAL PRICE CITY	MAXIMUM ALL-INCLUSIVE TOTAL PRICE LIBRARY	MAXIMUM ALL-INCLUSIVE TOTAL PRICE POUDRE FIRE
2023 Audits of City, Poudre Fire Authority and Library District	\$149,250	\$25,000	\$35,000
2024 Audits of City, Poudre Fire Authority and Library District	\$153,700	\$25,750	\$36,050
2025 Audits of City, Poudre Fire Authority and Library District	\$158,375	\$26,500	\$37,100
2026 Audits of City, Poudre Fire Authority and Library District	\$163,130	\$27,295	\$38,200
2027 Audits of City, Poudre Fire Authority and Library District	\$168,000	\$28,100	\$39,400
Issuance of Consent Letter for a Bond Issue <sup>1</sup>		See below	
Verification of Arbitrage at the End of Each Five-Year Period of a Bond Issue		N/A per addendum	
Verification of Bond Escrow for a Bond Issue		N/A per addendum	
Agreed Upon Procedures Performed in Relation to City's Cable TV Franchise Agreement with Service Provider		N/A per addendum	

<sup>1</sup>Cost will be based on nature and timing of work.

Proposer: Plante & Moran, PLLC

Signature: 

Printed: Timothy St. Andrew

Address: 1098 Woodward Ave.

City/State/Zip: Detroit, MI 48226

Phone: 313-496-7200

Email: timothy.standrew@plantemoran.com

## 02. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the Dollar Cost Proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix B), that supports the total all-inclusive maximum price. The cost for any additional services requested outside the scope of the RFP will also utilize the fees and expenses stated in (Appendix B).

### Appendix B

#### Schedule of professional fees and expenses for additional services

This schedule should reflect the hourly rates for any additional work outside the scope of this RFP if the City, Library, or Poudre Fire Authority requests additional services.

	STANDARD HOURLY RATES	QUOTED HOURLY RATES
Partners	\$500	\$325
Managers	\$375	\$250
Supervisory staff	\$275	\$175
Staff	\$150	\$125
Other (specify)	-	-
<b>ADDITIONAL COSTS</b>		
Out-of-pocket expenses:		\$0
Meals and lodging (amount per person per day)		\$0
Transportation(cents-per-mile)		\$0
Other (specify)		\$0

Proposer: Plante & Moran, PLLC

Signature: 

Printed: Timothy St. Andrew

Address: 1098 Woodward Ave.

City/State/Zip: Detroit, MI 48226

Phone: 313-496-7200

Email: [timothy.standrew@plantemoran.com](mailto:timothy.standrew@plantemoran.com)

### 03. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the City for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed Dollar Cost Proposal in the format provided in the attachment (Appendix B). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the sealed Dollar Cost Proposal stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing City rates for its employees.

## Travel, lodging, and subsistence

---

Our fees are all-inclusive; **you will not be charged for travel or out-of-pocket costs, routine phone calls, or consultation.**

### 04. Rates for Additional Professional Services

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

## Rates for additional professional services

---

We understand that if it is necessary for the City to request Plante Moran to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on your engagement, then such additional work will be performed only if set forth in an addendum to the contract between the City and Plante Moran.

### 05. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's Dollar Cost Proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

Plante Moran affirms its understanding of the City's manner of payment. Typically, our fees are invoiced monthly as the work is performed and are payable within 30 days.

## Additional fee assumptions and notes:

---

The fee quotes on the previous pages assume:

- Books, records, and all supporting schedules will be prepared accurately by your staff.
- Our fees do not include any costs associated with assisting management with implementation of any new accounting standards, including GASB 96.
- Our single audit fee is based on auditing a maximum of two major programs. Additional program audits will be performed at \$7,500 each.
- We affirm: Any services provided outside of the scope of this proposal between the City and Plante Moran shall be performed at the same rates set forth in the schedule of fees and expenses included in this document. In addition, any expansion of the scope requiring additional fees shall be approved in advance and by contract addendum between the City and Plante Moran before work begins.



According to our recent  
client satisfaction survey,

**98%**

of clients say they

**would recommend  
Plante Moran.**

**We look forward to working with you.  
Please contact us with any questions.**



**Timothy St. Andrew, CPA**  
Engagement Partner

313-496-8542  
timothy.standrew@plantemoran.com



**Jamie Essenmacher, CPA, MSA**  
Colleague Partner

720-307-8168  
jamie.essenmacher@plantemoran.com



**William Brickey, CPA**  
Colleague Partner

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william.brickey@plantemoran.com



**plante moran**

Audit. Tax. Consulting.  
Wealth Management.



plante moran | Audit. Tax. Consulting.  
Wealth Management.

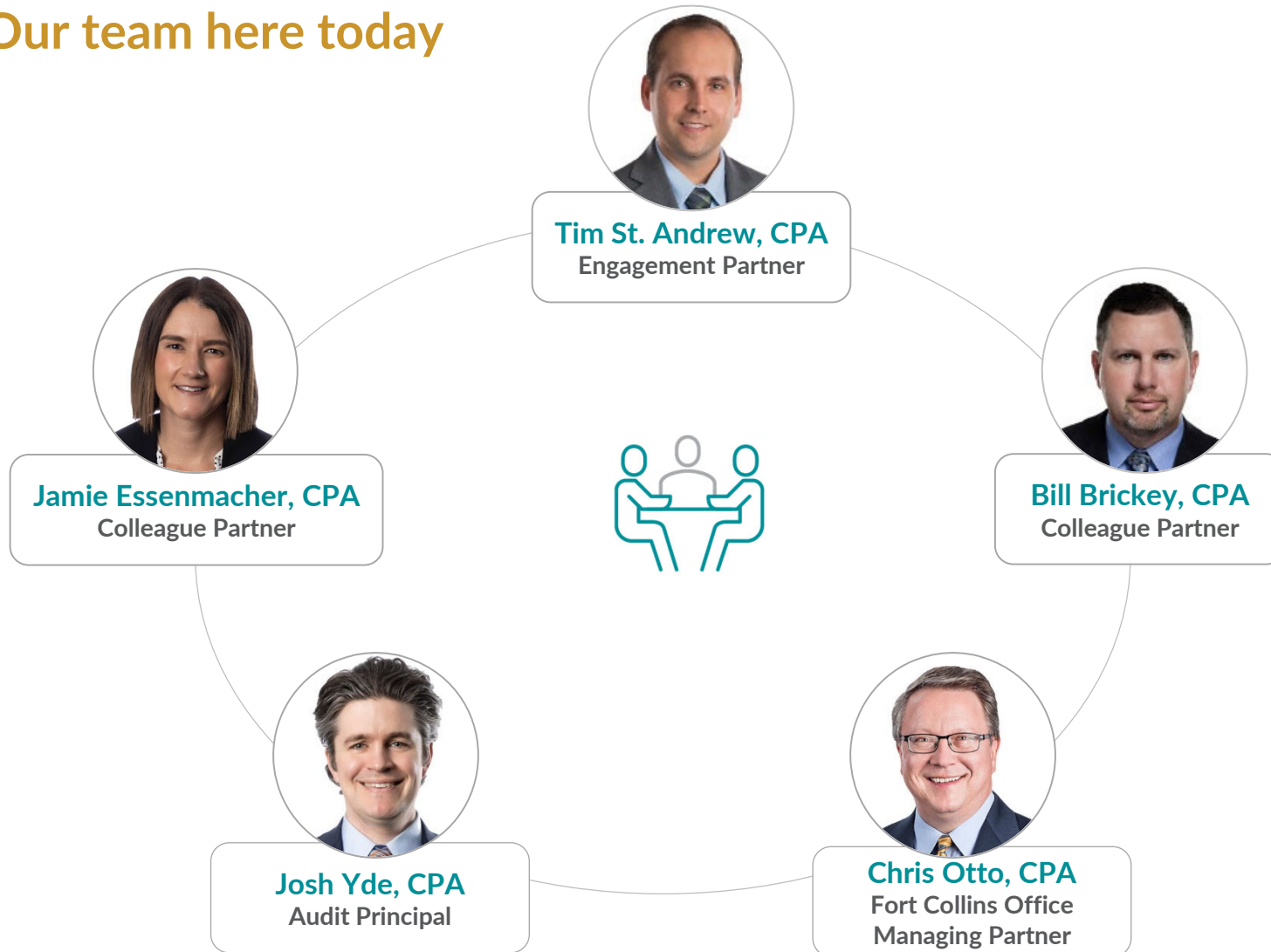
# Fort Collins, Colorado

Plante Moran | August 16, 2023



# Introductions

Our team here today

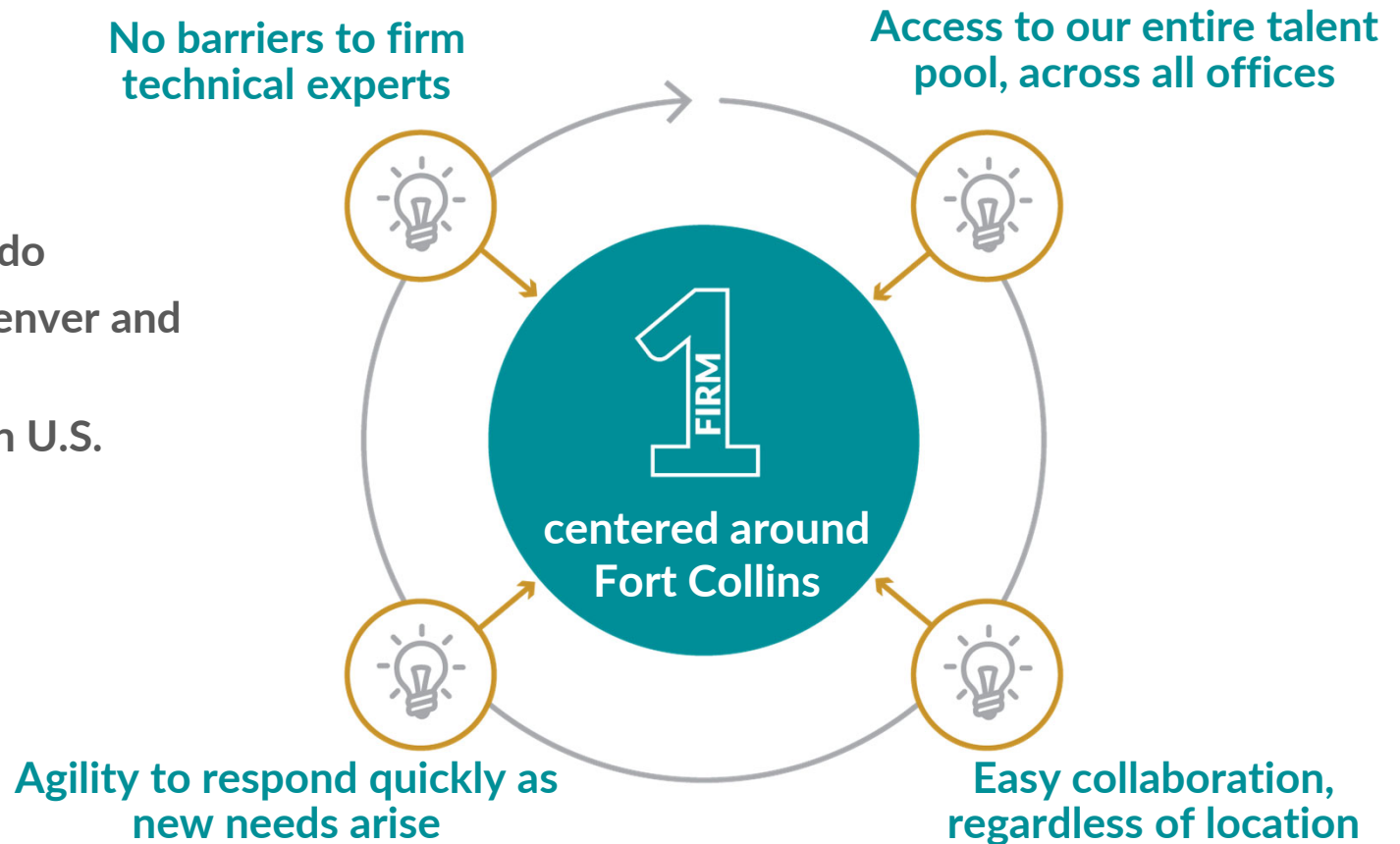




# About Plante Moran

We're structured differently — to serve you differently

- Founded 1924
- 43 years in Colorado
- 4 offices across Denver and the Front Range
- 13th largest firm in U.S.





# Experience Plante Moran

## Hallmarks of Plante Moran



“One-firm” firm philosophy



Heavy partner and manager involvement



Staff continuity



Deep industry expertise



**No surprises** approach



Proven record of quality

Collaborative, personal and tailored approach



- We make the audit process as easy as possible on your team
- We invest time in building relationships
- We care about your goals, objectives and concerns



# Government specialization

- 500+ Governmental clients we serve
- 1,700+ Public sector clients served
- 750+ ACFR audits conducted in the past 25 years, **nearly all of which have received the GFOA's Certificate of Achievement for Excellence in Financial Reporting**

- 250+ Professionals who specialize in government, including 20 partners
- 575+ Single audits performed annually (2<sup>nd</sup> largest in the U.S.)
- \$9B Federal expenditures audited per year

## Two key differentiators



Clients are served by professionals with a public sector career focus



Unmatched research conducted on challenges facing governmental leaders

# Technical expertise

## National and local technical leadership:

- AICPA State and Local Government Expert Panel
- GASB
- Government Audit Quality Center Executive Committee
- Single Audit Round Table
- GFOA
- CGFOA
- CML
- ICMA

## How that benefits you:

- National technical experts embedded within your engagement team and addressing issues as they arise
- Technical quality of audit and deliverables
- Technical approach to engagements ensures “no surprises”
- Continued support between audits helps you stay on top





# Technical training

## WATCH

**Financial sustainability: A framework to address budgetary and operational challenges:**

Long-term financial planning is more critical than ever

**GASB 94 & 96:**

Preparing to implement new guidance for P3s & SBITAs

**2023 Compliance Supplement and single audit update:**

Common single audit issues, compliance with grant requirements, and the 2023 Compliance Supplement

## REGISTER

**Public Sector webinar series:**

August 15: Inflation Reduction Act: Tax credits for not-for-profits and governments

## READ

**GASB 101, Compensated Absences: What's the big deal?**

Understanding the key changes as GASB 101 replaces GASB 16

**Making better decisions with data in the public sector: A simple guide to modernization**

Discussions of cloud modernization, data governance, and self-service analytics

**Are you prepared for the next disruption?**

An enterprise risk management guidebook

## VISIT

**Visit our Government Industry Page on our website**



# Plante Moran Fees

We are not a low-cost provider – Our goal is to provide high quality service at a fair fee.

Our client model ensures you receive value beyond the audit including:

- Reliability – we keep our promises and meet deadlines (with our deep bench of experts we have the resources to properly serve you with a team that are experts in serving local units of government).
- Access to our experts – We are largest CPA firm in Colorado and the 13<sup>th</sup> largest in the Country. We have a deep bench of auditors specializing in governments. You will have access to our governmental experts and other consultants.
- Training for your staff – we provide free webinars throughout the year on technical and legislative matters to keep you informed and prepared before the audit
- Assistance with the implementation of new accounting pronouncements - we provide trainings and develop tools well in advance of the audit to help our clients proactivity implement new standards successfully with no surprises



# Thank you for your time

## We're happy to answer any questions you have.



**Timothy St. Andrew, CPA**  
Engagement Partner  
timothy.standrew@plantemoran.com



**Jamie Essenmacher, CPA**  
Colleague Partner  
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**Bill Brickey, CPA**  
Colleague Partner  
william.brickey@plantemoran.com



**Josh Yde, CPA**  
Audit Principal  
josh.yde@plantemoran.com



**Chris Otto, CPA**  
Fort Collins Office  
Managing Partner  
chris.otto@plantemoran.com

**9835 Financial Audit Services  
Interview Questions**

**Firm Name:** Plante Moran

1. What do you view as the role for elected officials in support of the audit process?  
How do you communicate complex financial information to elected officials?
  
  
  
  
  
  
  
  
  
  
2. Provide an example of a situation or matter when there was a professional difference of opinions between client Finance staff and the auditor. What was the situation, discussion, and resolution?
  
  
  
  
  
  
  
  
  
  
3. Please articulate as specifically as possible the value propositions your firm offers versus peer firms in the financial audit industry.
  
  
  
  
  
  
  
  
  
  
4. Discuss your approach and philosophy to handling single audits.
  
  
  
  
  
  
  
  
  
  
5. How do you develop and communicate audit findings to the Council Finance Committee and City Financial Staff?
  
  
  
  
  
  
  
  
  
  
6. Discuss your availability for assisting City Finance staff in handling new or unique issues that may arise throughout the year. Is this level of service included in your proposed fees? Are you confident you can support the annual audit schedule?

7. What can we expect as the average tenure for the auditors assigned to perform the City's financial audit? How do you effectively manage turnover?

8. How would you explain to lay people what internal controls are and why they are important? Does the presence or absence of good internal controls impact the scope of the audit?

9. Knowing you will be performing financial audits for three separate entities, are you confident you have allocated sufficient resources and time to complete within the required time?

**Post Interview Discussion:**

Assessment Criteria:

- Scope of the proposal and interview
- Assigned personnel qualifications
- Cost and commitment to meet the City's annual audit timeline
- Firm capability & reputation







Financial Services  
Purchasing Division  
215 N. Mason St. 2<sup>nd</sup> Floor  
PO Box 580  
Fort Collins, CO 80522  
  
970.221.6775  
970.221.6707  
[fcgov.com/purchasing](http://fcgov.com/purchasing)

**REQUEST FOR PROPOSAL  
9835 FINANCIAL AUDIT SERVICES  
RFP DUE: 3:00 PM MT (Mountain Time), July 21, 2023**

The City is requesting proposals from qualified firms to provide financial auditing services. To meet the requirements of this request for proposals (RFP), each audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards* (1994), the provisions of the Single Audit Act of 1984 (as amended in 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, Audits of State and Local Governments.

As part of the City's commitment to sustainability, proposals must be submitted online through the Rocky Mountain E-Purchasing System (RMEPS) at <http://www.bidnetdirect.com/colorado/city-of-fort-collins>. *Note: please ensure adequate time to submit proposals through RMEPS. Proposals not submitted by the designated Opening Date and Time will not be accepted by RMEPS.*

**All questions should be submitted, in writing via email, to Gerry Paul, Purchasing Director at [gspaul@fcgov.com](mailto:gspaul@fcgov.com), with a copy to Blaine Dunn, Accounting Director at [bdunn@fcgov.com](mailto:bdunn@fcgov.com), no later than 3:00 PM MT on July 7, 2023.** Please format your e-mail to include: RFP 9835 Financial Audit Services in the subject line. Questions received after this deadline may not be answered. Responses to all questions submitted before the deadline will be addressed in an addendum and posted on the Rocky Mountain E-Purchasing System webpage.

**Rocky Mountain E-Purchasing System hosted by BidNet**

A copy of the RFP may be obtained at <http://www.bidnetdirect.com/colorado/city-of-fort-collins>.

This RFP has been posted utilizing the following Commodity Code(s):

94600	Financial Services
94620	Auditing
94648	Financial Advisor

**Prohibition of Unlawful Discrimination:** The City, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.

The City strictly prohibits unlawful discrimination based on an individual's gender (regardless of gender identity or gender expression), race, color, religion, creed, national origin, ancestry, age 40 years or older, marital status, disability, sexual orientation, genetic information, or other characteristics protected by law. For the purpose of this policy "sexual orientation" means a person's actual or perceived orientation toward heterosexuality, homosexuality, and bisexuality.

The City also strictly prohibits unlawful harassment in the workplace, including sexual harassment. Further, the City strictly prohibits unlawful retaliation against a person who engages in protected activity. Protected activity includes an employee complaining that he or she has been discriminated against in violation of the above policy or participating in an employment discrimination proceeding.

The City requires its Service Providers to comply with the City's policy for equal employment opportunity and to prohibit unlawful discrimination, harassment and retaliation. This requirement applies to all third-party Service Providers and their subcontractors/subconsultants at every tier.

**Public Disclosure:** The City is a governmental entity subject to the Colorado Open Records Act, C.R.S. §§ 24-72-200.1 et seq. ("CORA"). Any proposals submitted hereunder are subject to public disclosure by the City pursuant to CORA and City ordinances. In accordance with Municipal Code Sec. 8-157 (m) if the proposals are for the services of a public accounting firm (financial auditor) to conduct the annual independent audit of the City's books and accounts as required in Section 17 of Charter Article 11, those proposals shall be reviewed and interviews conducted by the City Council or a committee of the Council in a public meeting and the selection by Council shall be conducted in a public meeting. In conducting such review, interviews and selection, all proposals and interviews will be subject to public disclosure.

**Service Providers Registration:** The City requires new Service Providers/ Professionals receiving awards from the City to submit IRS form W-9 and requires all Service Providers/ Professionals to accept Direct Deposit (Electronic) payment. If needed, the W-9 form and the Vendor Direct Deposit Authorization Form can be found on the City's Purchasing website at [www.fcgov.com/purchasing](http://www.fcgov.com/purchasing) under Vendor Reference Documents. **Please do not submit these documents with your proposal**, however, if you take exception to participating in Direct Deposit (Electronic) payments please clearly note such in your proposal as an exception. The City may waive the requirement to participate in Direct Deposit (Electronic) payments at its sole discretion.

**Sales Prohibited/Conflict of Interest:** No officer, employee, or member of City Council, shall have a financial interest in the sale to the City of any real or personal property, equipment, material, supplies or services where such officer or employee exercises directly or indirectly any decision-making authority concerning such sale or any supervisory authority over the services to be rendered. This rule also applies to subcontracts with the City. Soliciting or accepting any gift, gratuity favor, entertainment, kickback or any items of monetary value from any person who has or is seeking to do business with the City is prohibited.

**Collusive or Sham Proposals:** Any proposal deemed to be collusive or a sham proposal will be rejected and reported to authorities as such. Your authorized signature of this proposal assures that such proposal is genuine and is not a collusive or sham proposal.

The City reserves the right to reject any and all proposals and to waive any irregularities or informalities.

**Utilization of Award by Other Agencies:** The City reserves the right to allow other state and local governmental agencies, political subdivisions, and/or school districts to utilize the resulting award under all terms and conditions specified and upon agreement by all parties. Usage by any other entity shall not have a negative impact on the City in the current term or in any future terms.

The selected Service Provider shall be required to sign the City's Agreement prior to commencing services (see sample attached to this document).

Sincerely,

A handwritten signature in blue ink, appearing to read 'G. Paul'.

Gerry Paul  
Purchasing Director

**REQUEST FOR PROPOSALS  
9835 FINANCIAL AUDITING SERVICES**

**SECTION 1 – GENERAL SCOPE OF SERVICES**

**A. Scope of Services to be Performed**

1. The City (City) desires the auditor to express an opinion on the fair presentation of its governmental activities, its business-type activities, its aggregate discretely presented component units, each of its major funds, and its aggregate remaining fund information in conformity with generally accepted accounting principles.
2. The City also desires the auditor to express an opinion on the fair presentation of its combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the annual comprehensive financial report. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the report.
3. 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.
4. The auditor is not required to audit the schedule of expenditures of federal awards. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

**B. Auditing Standards To Be Followed**

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. Government Accountability Office's *Government Auditing Standards* (1994), the provisions of the Single Audit Act of 1984 (as amended in 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, Audits of State and Local Governments.

**C. Reports to be Issued**

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements
3. A report on compliance and internal control over compliance applicable to each major federal program.

In the required report[s] on compliance and internal controls, the auditor shall communicate any significant deficiency or material weakness found during the audit. A *significant deficiency* shall be defined as a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A *material weakness* shall be defined as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. Significant deficiencies that are also material weaknesses shall be identified as such in the report.

Control deficiencies discovered by the auditors that are neither significant deficiencies nor material weaknesses shall be reported in a separate letter to management, which shall be referred to in the report[s] on compliance and internal controls. A *control deficiency* shall be deemed to have occurred whenever the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

4. Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:
  - Mayor and Council Members of the City
  - Council Finance Committee
  - City Manager
  - Chief Financial Officer
  - Accounting Director
  - Controller
5. Reporting to the Council Finance Committee. Auditors shall assure themselves that the City's Council Finance Committee is informed of each of the following:
  - The auditor's responsibility under generally accepted auditing standards
  - Significant accounting policies
  - Management judgments and accounting estimates
  - Significant audit adjustments
  - Auditor's judgments about the quality of the entity's accounting principles
  - Other information in documents containing audited financial statements
  - Disagreements with management
  - Management consultation with other accountants
  - Major issues discussed with management prior to retention
  - Difficulties encountered in performing the audit

#### **D. Special Considerations**

1. The City will send its annual comprehensive financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will not be required to provide special assistance to the City to meet the requirements of that program.
2. The City currently anticipates it will prepare one or more official statements in connection with the sale of debt securities which will contain the general purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."
3. The City has determined that no specific United States Department functions as the cognizant agencies in accordance with the provisions of the Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. All federal awards and related expenditures are reported to the Federal Clearinghouse.
4. The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls are not to be included in the annual comprehensive financial report, but are to be issued separately.
5. A list of findings and other weaknesses from the City's most recent financial statement audit, as well as a list of findings from internal audits conducted during the most recent fiscal period to be audited may be found at <https://www.fcgov.com/finance/reports>

#### **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 the need to extend the retention period. The auditor will be required to make working papers promptly available, upon request, to the following parties or their designees:

1. City of Fort Collins
2. U.S. Government Accountability Office (GAO)
3. Parties designated by the federal or state governments or by the City as part of an audit quality review process
4. Auditors of entities of which the City is a subrecipient of grant funds
5. Auditors of entities of which the City is a component unit
6. 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.

#### **F. Schedule for the 2023 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits).**

Each of the following should be completed by the dates indicated, unless otherwise approved by both the City and Auditor.

##### **1. Interim Field Work**

The auditor shall complete interim work by December 15<sup>th</sup>.

2. Detailed Audit Plan

The Auditor shall provide the City at least 1 month before interim and final field work a detailed audit plan and a list of all schedules to be prepared by the City.

3. Fieldwork

The auditor shall complete all fieldwork by May 15<sup>th</sup>.

4. City Charter Requirement for Public Notification of Summary Financials

In accordance with the City Charter, Article II, Section 17, a summary of the independent audit of the City's financial records needs to be published no later than July 31st.

5. City Prepared Reports

*Fund Financial Statements, Notes and Required Supplementary Information* - The City shall have drafts ready for auditing on the first day of final field work.

*Financial Statements* – The City shall complete the management's discussion and analysis, government wide financial statements, fund financial statements, notes, required supplementary information and all elements of an Annual Comprehensive Financial Report by May 15<sup>th</sup>. The Auditor shall provide all corrections, suggestions and comments to the City by June 1.

6. Auditor Prepared Reports

*Opinion Letters, Single Audit Reports, and Management Letter* - The auditor shall have drafts of the audit report[s] and recommendations to management available for review by the City by June 1<sup>st</sup>. The City shall have all comments and suggestions on these items by June 8<sup>th</sup>. The Auditor will print and deliver the final reports by June 15<sup>th</sup>.

*Number of Auditor Reports* – For the City, the Auditor shall provide an electronic version of opinion letter, 25 Single Audit Reports, and 25 Management Letter Reports by June 15. For the Poudre River Public Library District and the Poudre Fire Authority, the Auditor shall print, for each, 25 Financial Statements, including Opinion Letter, and 25 Management Letter Reports by June 30. The auditor should deliver all reports to the Controller at 215 North Mason Street, 2<sup>nd</sup> Floor, Fort Collins, CO 80522-0580.

7. Presentation to Governing Bodies

The auditor shall present the results of the audit to the three governing bodies by August 31:

- City Council Finance and Audit Committee
- Poudre River Public Library District Board
- Poudre Fire Authority Board

## SECTION 2 – DESCRIPTION OF THE GOVERNMENT

### A. Name and Telephone Number of Contact Persons/Organizational Chart/ Location of Offices

1. The auditor's principal contact with the City will be Travis Storin, Chief Financial Officer, phone 970-221-6788. However, the designated representatives will be Blaine Dunn, Accounting Director, phone 970-221-6784, and Randy Bailey, Controller, 970-416-4354, who will coordinate the assistance to be provided by the City to the auditor.
2. An organizational chart and a list of key personnel can be seen in the 2021 ACFR, page 7. Link to the City's website: <http://www.fcgov.com/finance/annual-financial-reports.php>

### B. Background Information

1. The City serves an area of 57 square miles with a population of 175,000. The City's fiscal year begins on January 1 and ends on December 31.
2. The City provides the following services to its citizens:
  - general government
  - public safety
  - streets and highways
  - cultural opportunities and recreation
  - transportation
  - sustainability
  - planning and development
  - electric distribution
  - broadband
  - water treatment and distribution
  - wastewater collection and treatment
  - storm drainage
  - golf
3. The City has a total payroll of \$228 million covering 3,702 FTE employees.

*\$ In millions*

Entity with Unique Tax ID	Gross Pay	Benefits	Total Payroll	FTE
City	\$ 147.5	\$ 42.6	\$ 190.1	3,246
Downtown Development Authority	0.7	0.2	0.9	10
Poudre Fire Authority	25.1	6.4	31.5	286
Library District	4.6	1.5	6.1	160
<b>TOTAL</b>	<b>\$177.9</b>	<b>\$50.7</b>	<b>\$228.6</b>	<b>3,702</b>

4. The City is organized into 9 service areas and 3 agencies. The accounting and financial reporting functions of the City are generally centralized with the most significant exception of dedicated personnel in Utilities.
5. More detailed information on the government and its finances can be found in the Budget Document, ACFR's, and Single Audit Report. See website - <http://www.fcgov.com/finance/>

**C. Fund Structure**

The City uses the following fund types in its financial reporting:

Individual Fund Type	Funds	Annual Budgets
General fund	1	1
Special revenue funds	17	17
Special rev fund (blended component)	5	5
Debt service funds	1	1
Capital projects funds	3	0
Permanent funds	0	0
Enterprise funds	6	6
Internal service funds	5	5
Private-purpose trust funds	0	0
Investment trust funds	0	0
Pension (and other employee benefits) trust funds	1	1
Custodial Funds	8	0

Other Entity's	Fund Type	Funds	Annual Budgets
DDA	General (discrete c.)	1	1
DDA	Debt service (discrete c)	1	1
PFA	General	1	1
PFA	Capital project	1	0
Library	General	1	1
Library	Capital project	1	0

**D. Basis of Budgeting**

The City does not always prepare its budgets on a basis consistent with generally accepted accounting principles. Proprietary funds are budgeted on current financial resources basis. In some of the funds, grants and capital projects are budgeted on a *project length basis*, rather than annual budgets.

**E. Federal and State Awards**

Refer to 2021 single audit report, which is typical in its volume and complexity.

<https://www.fcgov.com/finance/files/city-of-fort-collins-single-audit-report-123121.pdf?1660590807>

**F. Pension Plans**

The City participates in the following pension plans:

Plan	Multiple Employer Cost Sharing Agent	Single Employer Defined Benefit Contribution
General Employees Retirement Program (GERP)		X
Money Purchase Plan (401a)	X	

Actuarial services for the GERP plan are provided by Milliman. The defined contribution plan is administered by Nationwide.

## G. Component Units

1. The City is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, component units are included in the City's financial statements.
2. The management of the City identified the following component units for inclusion in the City's financial statements:
  - a) Fort Collins Colorado Downtown Development Authority. The DDA is a *discrete* component unit and is to be audited as part of the audit of the City's financial statements.
  - b) Tourism Improvement District. The TID is a *discrete* component unit. They are not included in the City's financial statements because they have been deemed immaterial and publish their own independently audited financial statements.
  - c) Fort Collins Urban Renewal District. This is a blended component unit that is presented in the City's ACFR as another fund.
  - d) General Improvement District #1. This is a blended component unit that is presented in the City's ACFR as another fund.
  - e) General Improvement District #15 – Skyview. This is a blended component unit that is presented in the City's ACFR as another fund.
3. The management of the City has determined that the following potential component units should not be included in the City's financial statements for the following reasons:

Potential Component Unit	Reason for Exclusion
Poudre Fire Authority	Joint Venture
Poudre River Public Library District	Completely separate board, we don't contribute financially, different boundaries

## H. Joint Ventures

The City does participate in joint ventures with other governments.

NAME OF JOINT VENTURE	NAME OF OTHER PARTICIPATING GOVERNMENT(S)	TYPE OF SERVICES PROVIDED
Fort Collins- Loveland Airport	City of Loveland	Airport Operations
North Front Range Transportation & Air Quality	10 Northern CO municipalities, and Larimer and Weld Counties	Transportation & Air Quality Planning
Poudre Fire Authority	Poudre Valley Fire Protection District	Fire Protection
Platte River Power Authority	Longmont, Loveland & Estes Park	Wholesale Power Supply

## I. Magnitude of Finance Operations

Financial services area has 52 people and is headed by Travis Storin, Chief Financial Officer for the City. There are 5 departments in Financial Services: Finance Administration, Purchasing, Safety, Security & Risk Management, Sales Tax, and Accounting & Treasury. The Accounting & Treasury Department is headed by Blaine Dunn, Accounting Director. Other Service Areas throughout the City have positions performing financial work and have dotted line accountability to Financial Services.

## **J. Computer Systems**

1. **JD Edwards EnterpriseOne** The City is currently operating JD Edwards EnterpriseOne version 9.2. The tools are in version 9.2.1.2; WebLogic is the application server.
2. **Environment and Users**  
The City currently has the following JD Edwards EnterpriseOne 9.2 environments:  
PD920 ..... Production  
PY920 ..... Prototype  
DV920 ..... Development  
PS920 ..... Pristine  
JPD920 ..... Web Production  
JPY920 ..... Web Prototype  
JDV920 ..... Web Development  
JPS920 ..... Web Pristine  
The City currently has approximately 3,200 users of the JD Edwards EnterpriseOne application.
3. **Servers and Operating System**  
The JD Edwards EnterpriseOne server environment is a mix of physical and virtual servers. The virtual servers are in a VMware environment. All servers are Windows operating systems.
4. **Database**  
The database used with JD Edwards EnterpriseOne production environment is Oracle 12c.
5. **JD Edwards EnterpriseOne Modules (go live date)**
  - Financials, A/P, Purchasing, Budget, Job Costing, Foundation & Security (1/1999)
  - Accounts Receivable, Procurement (12/1999)
  - Human Resources/Payroll (1/2000)
  - Fixed Assets (8/2001)
  - Enterprise Asset Management (12/2003)
  - Self Service Benefits Enrollment (10/2004)
  - Employee and Manager Self Service (10/2006)
  - SAP Business Objects implemented for Enterprise Reporting (10/2006)
  - JDE Chart of Accounts Conversion (11/2008)
  - Expense Management (9/2015)
  - AP Automation via Tungsten Networks Integration (target 9/2018)

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

Interested proposers who wish to review prior years' audit reports and management letters should contact Kevin Smith at 4801 Main Street, Suite 400, Kansas City, MO 64112-2543, phone 816-751-4027. The City 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.

## **L. Organizational Chart and listing of Key Officials may be found in the ACFR**

<https://www.fcgov.com/finance/annual-financial-reports.php>

## SECTION 3 - TIME REQUIREMENTS

### A. Proposal Calendar

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

Last day to submit solicitation questions	July 7, 2023
Due date for proposals	July 21, 2023 3:00 PM (MDST)

### B. Notification and Contract Dates (estimated subject to change)

Interviews of finalists	August 16, 2023*
Selected firm notified	August 18, 2023
Contract date	August 25, 2023

**\* The interview date is firm and will be conducted August 16, 2023 from 4:00 pm to 7:30 pm. Interviews will be conducted by City Council member of the Council Finance Committee. All proposals and the interviews will be open to the public.**

### C. Date Audit May Commence

The City will have all records ready for audit and all management personnel available to meet with the firm's personnel as of November 1, 2023.

### D. Schedule for the 2023 Fiscal Year Audit

(A similar time schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits).

Each of the following should be completed by the auditor no later than the dates indicated.

1. Interim Work  
The auditor shall complete interim work by December 15<sup>th</sup>. City is open considering alternative dates
2. Detailed Audit Plan  
The auditor shall provide City by December 31<sup>st</sup> both a detailed audit plan and a list of all schedules to be prepared by the City.
3. Fieldwork  
The auditor shall complete all fieldwork by May 15<sup>th</sup>.
4. City Charter Requirement for Public Notification of Summary Financials  
In accordance with the City Charter, Article II, Section 17, a summary of the independent audit of the City's financial records needs to be published no later than July 31<sup>st</sup>.
5. Draft Reports  
The auditor shall have drafts of the audit report[s] and recommendations to management available for review by the Chief Financial Officer, Accounting Director and Controller by June 1<sup>st</sup>.

### E. Date Opinion Letter and Single Audit Report is Due

The City staff shall prepare draft financial statements, notes and all required supplementary schedules by May 6<sup>th</sup>. The auditor shall provide a draft of all recommendations, revisions and suggestions for improvement to the Chief Fiscal Officer and Controller/Assistant Financial Officer by June 1<sup>st</sup>. The final signed opinion letter should be provided electronically for inclusion in the ACFR no later than June 15<sup>th</sup>.

## SECTION 4 - ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

### A. Finance Department and Clerical Assistance

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 on Auditor approved forms.

### B. Electronic Data Processing (EDP) Assistance

The Enterprise Resource Planning (ERP) personnel will be available to assist the auditor in performing the engagement during normal working hours, with reasonable advanced notice. ERP personnel will also be available to provide systems documentation and explanations. The auditor will be provided reasonable computer time and the use of the City's computer hardware and software. This will be limited to inquiry and review of accounting records.

### C. Statements and Schedules to be Prepared by the Staff of the City

City staff will prepare the following statements and schedules for the auditor by the dates indicated:

<u>Statement or Schedule</u>	<u>Date</u>
Fund statements	May 1 <sup>st</sup>
Notes	May 9 <sup>th</sup>
Government Wide	May 9 <sup>th</sup>
MD&A, Statistical, Intro Section	May 20 <sup>th</sup>

### D. Work Area, Telephones, Photocopying and FAX Machines

The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to one telephone lines, photocopying facilities and FAX machines.

### E. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

## SECTION 5 - PROPOSAL REQUIREMENTS

### A. General Requirements

#### 1. Submission of Proposals

The following material is required to be received by July 21, 2023 by 3:00 PM for a proposing firm to be considered:

##### i. Title Page

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

##### ii. Table of Contents

##### iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for 60 days.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section 5 B and C of this request for proposals.

v. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposal (Appendix C and Appendix D)

**B. Technical Proposal**

1. General Requirements

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

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed Dollar Cost Proposal). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that is independent of the City as defined by generally accepted auditing standards/the U.S. Government Accountability Office's *Government Auditing Standards* (1994).

The firm also should provide an affirmative statement that it is independent of all of the component units of the City as defined by those same standards. The City currently has one component unit, the Fort Collins Downtown Development Authority, whose budget and any issuance of debt requires approval of the Fort Collins' City Council.

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

3. License to Practice in the State of Colorado

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

4. Firm Qualifications and Experience

The proposer 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 government 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.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in the State of Colorado. 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.

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. Indicate how the quality of staff over the term of the agreement will be assured.

The proposer should identify the extent to which staff to be assigned to the audit reflect the City's commitment to Affirmative Action.

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

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

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

6. Prior Engagements with the City

List separately all engagements within the last five years, ranked on the basis of total staff hours, for the City by type of engagement (i.e., management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

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 - 5) performed in the last five years that are similar to the engagement described in this request for proposal. 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.

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 proposal. In developing the work plan, reference should be made to such sources of information as City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

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

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.

10. Report Format

The proposal should include sample formats for required reports.

### **C. Dollar Cost Proposal**

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

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

The City will not be responsible for expenses incurred in preparing and submitting the Technical Proposal or the Dollar Cost Proposal. Such costs should not be included in the proposal.

The first page of the Dollar Cost 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.
- c. A Total All-Inclusive Maximum Price for the 2023 engagement and subsequent 4 years (Fill-out Appendix A).

#### **2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each**

The second page of the Dollar Cost Proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix B), that supports the total all-inclusive maximum price. The cost for any additional services requested outside the scope of the RFP will also utilize the fees and expenses stated in (Appendix B).

#### **3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates**

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the City for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed Dollar Cost Proposal in the format provided in the attachment (Appendix B). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the sealed Dollar Cost Proposal stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing City rates for its employees.

#### **4. Rates for Additional Professional Services**

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

#### **5. Manner of Payment**

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's Dollar Cost Proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

## SECTION 6 – REVIEW AND ASSESSMENT

Firms will be evaluated on the following criteria. These criteria will be the basis for review and assessment of the written proposals and interview session. Interviews of the top rated firms will be conducted on August 16, 2023. The interviews will be conducted in a public meeting by the City Council Finance Committee.

The rating scale shall be from 1 to 5, with 1 being a poor rating, 3 being an average rating, and 5 being an outstanding rating.

WEIGHTING FACTOR	QUALIFICATION	STANDARD
2.0	Scope of Proposal	Does the proposal address all elements of the RFP? Does the proposal show an understanding of the project objectives, methodology to be used and results/outcomes required by the project? Are there any exceptions to the requirements, Scope of Services, or agreement?
2.0	Assigned Personnel Qualifications	Do the individuals who will be assigned to the project have the necessary skills and qualifications? Are sufficient people of the requisite skills and qualifications assigned to the project?
2.0	Cost and Schedule	Does the proposal address all the cost elements and are the line-item costs competitive? Do the proposed cost compare favorably with the Project Manager's estimate and other proposals? Does the firm take any exceptions to the audit submittal dates.
2.0	Firm Capability & Reputation	Does the firm have the resources, financial strength, capacity and support capabilities required to complete a comprehensive audit? Has the firm successfully completed previous audits of this type and scope?

## APPENDIX A

### SCHEDULE OF PROFESSIONAL FEES & EXPENSES

NATURE OF SERVICE TO BE PROVIDED	MAXIMUM ALL-INCLUSIVE TOTAL PRICE CITY	MAXIMUM ALL-INCLUSIVE TOTAL PRICE LIBRARY	MAXIMUM ALL-INCLUSIVE TOTAL PRICE POUDRE FIRE
2023 Audits of City, Poudre Fire Authority and Library District	\$	\$	\$
2024 Audits of City, Poudre Fire Authority and Library District	\$	\$	\$
2025 Audits of City, Poudre Fire Authority and Library District	\$	\$	\$
2026 Audits of City, Poudre Fire Authority and Library District	\$	\$	\$
2027 Audits of City, Poudre Fire Authority and Library District	\$	\$	\$
Issuance of Consent Letter for a Bond Issue	\$	N/A	N/A
Verification of Arbitrage at the End of Each <ul style="list-style-type: none"> <li>Five-Year Period of a Bond Issue</li> </ul>	\$	N/A	N/A
Verification of Bond Escrow for a Bond Issue	\$	N/A	N/A
Agreed Upon Procedures Performed in Relation to City's Cable TV Franchise Agreement with Service Provider	\$	N/A	N/A

Proposer: \_\_\_\_\_

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

Printed: \_\_\_\_\_

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

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

## APPENDIX B

### SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR ADDITIONAL SERVICES

This schedule should reflect the hourly rates for any additional work outside the scope of this RFP if the City, Library, or Poudre Fire Authority requests additional services.

	STANDARD HOURLY RATES	QUOTED HOURLY RATES
Partners	\$ _____	\$ _____
Managers	\$ _____	\$ _____
Supervisory Staff	\$ _____	\$ _____
Staff	\$ _____	\$ _____
Other (specify):	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

### ADDITIONAL COSTS

Out-of-pocket expenses:	\$ _____
Meals and lodging (amount per person per day)	\$ _____
Transportation (cents-per-mile)	\$ _____
Other (specify):	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Proposer: \_\_\_\_\_

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

Printed: \_\_\_\_\_

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

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

## APPENDIX C

### PROPOSER GUARANTEES

The Proposer certifies it can and will provide and make available all services set forth in Scope of Work and Time Requirements.

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

Printed: \_\_\_\_\_

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

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

### LIST OF PRINCIPALS

The names and titles of the Proposer's principals are:

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_

Proposer: \_\_\_\_\_

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

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

## APPENDIX D

### PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Colorado laws with respect to foreign (non-state of Colorado) corporations.
- B. Proposer warrants, that if it is awarded the contract it shall obtain and maintain during the Agreement term the following insurance coverage's with policy limits in accordance with NORA specifications:
  - 1. Errors and omissions coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof;
  - 2. Professional liability coverage;
  - 3. Comprehensive general liability coverage;
  - 4. Automobile liability coverage, including hired and non-owned vehicles; and
  - 5. Workers' compensation.

Waiver of subrogation and hold harmless agreements will be agreed to for all of the above coverage. The City shall be named an additional insured for all insurance coverage.

- C. Proposer warrants that it will not delegate or subcontract its responsibilities under the contract without the prior written permission of the City.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- E. Proposer acknowledges and agrees, pursuant to Municipal Code Sec. 8-157 (m) all proposals will be subject to public disclosure and interviews will be conducted in a public meeting by the City Council Finance Committee.

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

Name: \_\_\_\_\_  
(Print or type)

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

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

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

**SAMPLE SERVICES AGREEMENT (DO NOT SIGN)****SERVICES AGREEMENT**

THIS AGREEMENT made and entered into the day and year set forth below by and between THE CITY, COLORADO, a Municipal Corporation, hereinafter referred to as the "City" and \_\_\_\_\_, hereinafter referred to as "Service Provider".

**WITNESSETH:**

In consideration of the mutual covenants and obligations herein expressed, it is agreed by and between the parties hereto as follows:

1. **Scope of Services.** The Service Provider agrees to provide services in accordance with the scope of services attached hereto as Exhibit A, consisting of \_\_\_\_\_ ( ) page(s) and incorporated herein by this reference. Irrespective of references in Exhibit A to certain named third parties, Service Provider shall be solely responsible for performance of all duties hereunder.
2. **The Work Schedule.** [Optional] The services to be performed pursuant to this Agreement shall be performed in accordance with the Work Schedule attached hereto as Exhibit \_\_\_\_\_, consisting of \_\_\_\_\_ ( ) page(s), and incorporated herein by this reference.
3. **Time of Commencement and Completion of Services.** The services to be performed pursuant to this Agreement shall be initiated within \_\_\_\_\_ ( ) days following execution of this Agreement. Services shall be completed no later than \_\_\_\_\_. Time is of the essence. Any extensions of the time limit set forth above must be agreed upon in a writing signed by the parties.
4. **Contract Period.** This Agreement shall commence \_\_\_\_\_, 20\_\_\_\_\_, and shall continue in full force and effect until \_\_\_\_\_, 20\_\_\_\_\_, unless sooner terminated as herein provided. In addition, at the option of the City, the Agreement may be extended for additional one year periods not to exceed \_\_\_\_\_ ( ) additional one year periods. Renewals and pricing changes shall be negotiated by and agreed to by both parties. Written notice of renewal shall be provided to the Service Provider and mailed no later than thirty (30) days prior to contract end.
5. **Delay.** If either party is prevented in whole or in part from performing its obligations by unforeseeable causes beyond its reasonable control and without its fault or negligence, then the party so prevented shall be excused from whatever performance is prevented by such cause. To the extent that the performance is actually prevented, the Service Provider must provide written notice to the City of such condition within fifteen (15) days from the onset of such condition.
6. **Early Termination by City/Notice.** Notwithstanding the time periods contained herein, the City may terminate this Agreement at any time without cause by providing written notice of

termination to the Service Provider. Such notice shall be delivered at least fifteen (15) days prior to the termination date contained in said notice unless otherwise agreed in writing by the parties. All notices provided under this Agreement shall be effective when mailed, postage prepaid and sent to the following addresses:

Service Provider:	City:	Copy to:
	City	City
Attn:	Attn:	Attn: Purchasing Dept.
	PO Box 580	PO Box 580
	Fort Collins, CO 80522	Fort Collins, CO 80522

In the event of early termination by the City, the Service Provider shall be paid for services rendered to the date of termination, subject only to the satisfactory performance of the Service Provider's obligations under this Agreement. Such payment shall be the Service Provider's sole right and remedy for such termination.

7. Contract Sum. The City shall pay the Service Provider for the performance of this Contract, subject to additions and deletions provided herein, (\$ ) as per the attached Exhibit " ", consisting of page(s), and incorporated herein by this reference.
8. City Representative. The City will designate, prior to commencement of the work, its representative who shall make, within the scope of his or her authority, all necessary and proper decisions with reference to the services provided under this agreement. All requests concerning this agreement shall be directed to the City Representative.
9. Independent Service provider. The services to be performed by Service Provider are those of an independent service provider and not of an employee of the City. The City shall not be responsible for withholding any portion of Service Provider's compensation hereunder for the payment of FICA, Workmen's Compensation or other taxes or benefits or for any other purpose.
10. Subcontractors. Service Provider may not subcontract any of the Work set forth in the Exhibit A, Statement of Work without the prior written consent of the city, which shall not be unreasonably withheld. If any of the Work is subcontracted hereunder (with the consent of the City), then the following provisions shall apply: (a) the subcontractor must be a reputable, qualified firm with an established record of successful performance in its respective trade performing identical or substantially similar work, (b) the subcontractor will be required to comply with all applicable terms of this Agreement, (c) the subcontract will not create any contractual relationship between any such subcontractor and the City, nor will it obligate the City to pay or see to the payment of any subcontractor, and (d) the work of the subcontractor will be subject to inspection by the City to the same extent as the work of the Service Provider.
11. Personal Services. It is understood that the City enters into the Agreement based on the special abilities of the Service Provider and that this Agreement shall be considered as an agreement for personal services. Accordingly, the Service Provider shall neither assign any

responsibilities nor delegate any duties arising under the Agreement without the prior written consent of the City.

12. Acceptance Not Waiver. The City's approval or acceptance of, or payment for any of the services shall not be construed to operate as a waiver of any rights or benefits provided to the City under this Agreement or cause of action arising out of performance of this Agreement.
13. Warranty.
  - a. Service Provider warrants that all work performed hereunder shall be performed with the highest degree of competence and care in accordance with accepted standards for work of a similar nature.
  - b. Unless otherwise provided in the Agreement, all materials and equipment incorporated into any work shall be new and, where not specified, of the most suitable grade of their respective kinds for their intended use, and all workmanship shall be acceptable to City.
  - c. Service Provider warrants all equipment, materials, labor and other work, provided under this Agreement, except City-furnished materials, equipment and labor, against defects and nonconformances in design, materials and workmanship/workwomanship for a period beginning with the start of the work and ending twelve (12) months from and after final acceptance under the Agreement, regardless whether the same were furnished or performed by Service Provider or by any of its subcontractors of any tier. Upon receipt of written notice from City of any such defect or nonconformances, the affected item or part thereof shall be redesigned, repaired or replaced by Service Provider in a manner and at a time acceptable to City.
14. Default. Each and every term and condition hereof shall be deemed to be a material element of this Agreement. In the event either party should fail or refuse to perform according to the terms of this agreement, such party may be declared in default thereof.
15. Remedies. In the event a party has been declared in default, such defaulting party shall be allowed a period of ten (10) days within which to cure said default. In the event the default remains uncorrected, the party declaring default may elect to (a) terminate the Agreement and seek damages; (b) treat the Agreement as continuing and require specific performance; or (c) avail himself of any other remedy at law or equity. If the non-defaulting party commences legal or equitable actions against the defaulting party, the defaulting party shall be liable to the non-defaulting party for the non-defaulting party's reasonable attorney fees and costs incurred because of the default.
16. Binding Effect. This writing, together with the exhibits hereto, constitutes the entire agreement between the parties and shall be binding upon said parties, their officers, employees, agents and assigns and shall inure to the benefit of the respective survivors, heirs, personal representatives, successors and assigns of said parties.
17. Indemnity/Insurance.

- a. The Service Provider agrees to indemnify and save harmless the City, its officers, agents and employees against and from any and all actions, suits, claims, demands or liability of any character whatsoever brought or asserted for injuries to or death of any person or persons, or damages to property arising out of, result from or occurring in connection with the performance of any service hereunder.
  - b. The Service Provider shall take all necessary precautions in performing the work hereunder to prevent injury to persons and property.
  - c. Without limiting any of the Service Provider's obligations hereunder, the Service Provider shall provide and maintain insurance coverage naming the City as an additional insured under this Agreement of the type and with the limits specified within Exhibit , consisting of one (1) page, attached hereto and incorporated herein by this reference. The Service Provider before commencing services hereunder, shall deliver to the City's Purchasing Director, P. O. Box 580, Fort Collins, Colorado 80522, one copy of a certificate evidencing the insurance coverage required from an insurance company acceptable to the City.
18. Entire Agreement. This Agreement, along with all Exhibits and other documents incorporated herein, shall constitute the entire Agreement of the parties. Covenants or representations not contained in this Agreement shall not be binding on the parties.
19. Law/Severability. The laws of the State of Colorado shall govern the construction interpretation, execution and enforcement of this Agreement. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Agreement.
20. Prohibition Against Employing Illegal Aliens. Pursuant to Section 8-17.5-101, C.R.S., et. seq., Service Provider represents and agrees that:
  - a. As of the date of this Agreement:
    1. Service Provider does not knowingly employ or contract with an illegal alien who will perform work under this Agreement; and
    2. Service Provider will participate in either the e-Verify program created in Public Law 208, 104th Congress, as amended, and expanded in Public Law 156, 108th Congress, as amended, administered by the United States Department of Homeland Security (the "e-Verify Program") or the Department Program (the "Department Program"), an employment verification program established pursuant to Section 8-17.5-102(5)(c) C.R.S. in order to confirm the employment eligibility of all newly hired employees to perform work under this Agreement.
  - b. Service Provider shall not knowingly employ or contract with an illegal alien to perform work under this Agreement or knowingly enter into a contract with a subcontractor that knowingly employs or contracts with an illegal alien to perform work under this Agreement.

- c. Service Provider is prohibited from using the e-Verify Program or Department Program procedures to undertake pre-employment screening of job applicants while this Agreement is being performed.
  - d. If Service Provider obtains actual knowledge that a subcontractor performing work under this Agreement knowingly employs or contracts with an illegal alien, Service Provider shall:
    - 1. Notify such subcontractor and the City within three days that Service Provider has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and
    - 2. Terminate the subcontract with the subcontractor if within three days of receiving the notice required pursuant to this section the subcontractor does not cease employing or contracting with the illegal alien; except that Service Provider shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.
  - e. Service Provider shall comply with any reasonable request by the Colorado Department of Labor and Employment (the "Department") made in the course of an investigation that the Department undertakes or is undertaking pursuant to the authority established in Subsection 8-17.5-102 (5), C.R.S.
  - f. If Service Provider violates any provision of this Agreement pertaining to the duties imposed by Subsection 8-17.5-102, C.R.S. the City may terminate this Agreement. If this Agreement is so terminated, Service Provider shall be liable for actual and consequential damages to the City arising out of Service Provider's violation of Subsection 8-17.5-102, C.R.S.
  - g. The City will notify the Office of the Secretary of State if Service Provider violates this provision of this Agreement and the City terminates the Agreement for such breach.
21. Special Provisions. Special provisions or conditions relating to the services to be performed pursuant to this Agreement are set forth in Exhibit - Confidentiality, consisting of one (1) page, attached hereto and incorporated herein by this reference.

THE CITY, COLORADO

By: \_\_\_\_\_  
Gerry Paul  
Purchasing Director

DATE: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_

SERVICE PROVIDER'S NAME

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_  
CORPORATE PRESIDENT OR VICE  
PRESIDENT

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

## EXHIBIT A SCOPE OF SERVICES

**EXHIBIT  
(BID SCHEDULE/COMPENSATION)**

## EXHIBIT INSURANCE REQUIREMENTS

1. The Service Provider will provide, from insurance companies acceptable to the City, the insurance coverage designated hereinafter and pay all costs. Before commencing work under this bid, the Service Provider shall furnish the City with certificates of insurance showing the type, amount, class of operations covered, effective dates and date of expiration of policies, and containing substantially the following statement:

“The insurance evidenced by this Certificate will not reduce coverage or limits and will not be cancelled, except after thirty (30) days written notice has been received by the City.”

In case of the breach of any provision of the Insurance Requirements, the City, at its option, may take out and maintain, at the expense of the Service Provider, such insurance as the City may deem proper and may deduct the cost of such insurance from any monies which may be due or become due the Service Provider under this Agreement. The City, its officers, agents and employees shall be named as additional insureds on the Service Provider's general liability and automobile liability insurance policies for any claims arising out of work performed under this Agreement.

2. Insurance coverages shall be as follows:

- A. Workers' Compensation & Employer's Liability. The Service Provider shall maintain during the life of this Agreement for all of the Service Provider's employees engaged in work performed under this agreement:

1. Workers' Compensation insurance with statutory limits as required by Colorado law.
2. Employer's Liability insurance with limits of \$100,000 per accident, \$500,000 disease aggregate, and \$100,000 disease each employee.

- B. Commercial General & Vehicle Liability. The Service Provider shall maintain during the life of this Agreement such commercial general liability and automobile liability insurance as will provide coverage for damage claims of personal injury, including accidental death, as well as for claims for property damage, which may arise directly or indirectly from the performance of work under this Agreement. Coverage for property damage shall be on a "broad form" basis. The amount of insurance for each coverage, Commercial General and Vehicle, shall not be less than \$1,000,000 combined single limits for bodily injury and property damage.

In the event any work is performed by a subcontractor, the Service Provider shall be responsible for any liability directly or indirectly arising out of the work performed under this Agreement by a subcontractor, which liability is not covered by the subcontractor's insurance.

## EXHIBIT CONFIDENTIALITY

**IN CONNECTION WITH SERVICES** provided to the City (the “City”) pursuant to this Agreement (the “Agreement”), the Service Provider hereby acknowledges that it has been informed that the City has established policies and procedures with regard to the handling of confidential information and other sensitive materials.

In consideration of access to certain information, data and material (hereinafter individually and collectively, regardless of nature, referred to as “information”) that are the property of and/or relate to the City or its employees, customers or suppliers, which access is related to the performance of services that the Service Provider has agreed to perform, the Service Provider hereby acknowledges and agrees as follows:

That information that has or will come into its possession or knowledge in connection with the performance of services for the City may be confidential and/or proprietary. The Service Provider agrees to treat as confidential (a) all information that is owned by the City, or that relates to the business of the City, or that is used by the City in carrying on business, and (b) all information that is proprietary to a third party (including but not limited to customers and suppliers of the City). The Service Provider shall not disclose any such information to any person not having a legitimate need-to-know for purposes authorized by the City. Further, the Service Provider shall not use such information to obtain any economic or other benefit for itself, or any third party, except as specifically authorized by the City.

The foregoing to the contrary notwithstanding, the Service Provider understands that it shall have no obligation under this Agreement with respect to information and material that (a) becomes generally known to the public by publication or some means other than a breach of duty of this Agreement, or (b) is required by law, regulation or court order to be disclosed, provided that the request for such disclosure is proper and the disclosure does not exceed that which is required. In the event of any disclosure under (b) above, the Service Provider shall furnish a copy of this Agreement to anyone to whom it is required to make such disclosure and shall promptly advise the City in writing of each such disclosure.

In the event that the Service Provider ceases to perform services for the City, or the City so requests for any reason, the Service Provider shall promptly return to the City any and all information described hereinabove, including all copies, notes and/or summaries (handwritten or mechanically produced) thereof, in its possession or control or as to which it otherwise has access.

The Service Provider understands and agrees that the City’s remedies at law for a breach of the Service Provider’s obligations under this Confidentiality Agreement may be inadequate and that the City shall, in the event of any such breach, be entitled to seek equitable relief (including without limitation preliminary and permanent injunctive relief and specific performance) in addition to all other remedies provided hereunder or available at law.



Financial Services  
Purchasing Division  
215 N. Mason St. 2<sup>nd</sup> Floor  
PO Box 580  
Fort Collins, CO 80522  
970.221.6775  
970.221.6707  
[fcgov.com/purchasing](http://fcgov.com/purchasing)

## **ADDENDUM NO. 1**

### **SPECIFICATIONS AND CONTRACT DOCUMENTS**

Description of RFP 9835: Financial Audit Services

OPENING DATE: 3:00 PM (Our Clock) July 21, 2023

To all prospective bidders under the specifications and contract documents described above, the following changes/additions are hereby made and detailed in the following sections of this addendum:

#### **Exhibit 1 – Questions and Answers**

Please contact Gerry Paul, Purchasing Director at [gspaul@fcgov.com](mailto:gspaul@fcgov.com) with any questions regarding this addendum.

**RECEIPT OF THIS ADDENDUM MUST BE ACKNOWLEDGED BY A WRITTEN STATEMENT ENCLOSED WITH THE PROPOSAL STATING THAT THIS ADDENDUM HAS BEEN RECEIVED.**

**Exhibit 1 – Questions & Answers**  
**RFP 9835 Financial Audit Services**

1. Why is the City going out to bid? Is it required or optional?

**Answer:**

This Request for Proposal (RFP) is required in accordance with Code Sec. 8-186 which prohibits contracts longer than five (5) years, unless authorized by ordinance. The current contract expires September 30, 2023, and is in its fifth and final year.

2. Please clarify which audit reports are included in this proposal. Are there three audits for three entities (City, Poudre River Public Library District, and the Poudre Fire Authority; plus any applicable single audits)?

**Answer:**

Yes, there are three audits for three entities (City, Poudre River Public Library District, and Poudre Fire Authority). The City handles the central accounting function for each entity, but they are three distinct audits and entities.

3. Do the Poudre River Public Library District or the Poudre Fire Authority receive federal funds and expect a single audit?

**Answer:**

Both have received federal funds in the past but have never risen to a level of needing a single audit. We expect that to remain consistent in the next 5 years.

4. Are the management letter reports available for the Poudre River Public Library District and the Poudre Fire Authority?

**Answer:**

These will be provided to the firm awarded the business.

5. How many hours do the current auditors spend on the audit engagement(s)?

**Answer:**

The audit is not billed on an hourly basis. The audit contract is a fixed-fee billed on the total contract amount and individual hours are not shared with the City.

6. How many auditor-identified journal entries are typically recorded each year for each entity?

**Answer:**

The City usually has less than 5 auditor-identified journal entries each year.

7. Would you be willing to share your current audit fees?

**Answer:**

For the 2022 financial audit the total price for the City, Poudre Fire Authority, and Library District is \$124,900 which included four (4) major program reviews and all expenses. This price does not include any time for post engagement consulting, if applicable.

8. Does the City have any significant expected new debt or funding sources in the near future?

**Answer:**

The City plans to issue new debt in both the Electric and Telecomm utility and Stormwater utility this year. The Council is also considering referring new tax measures to the ballot this November for voters to decide on.

9. How does the City stay current with GASB pronouncements?

**Answer:**

The City works closely with our current auditors to ensure we are well prepared for all new GASB implementations. The Accounting staff is also involved with GFOA and CGFOA to keep current on all changes and potential changes coming from GASB.

10. What were the estimated hours required to complete the audit and related requested procedures for the year ended 2022?

**Answer:**

See response to question 5.

11. What were the audit fees for the financial statement audit for the year ended 2022?

**Answer:**

See response to question 7.

12. In a typical year, how many auditors are on-site during audit fieldwork, and how many weeks are the auditors in the field for the audit?

**Answer:**

Since 2020 (FY19 audit) the audit has been conducted fully remotely. The audit is typically scheduled for three weeks of field work.

13. What about the audit process would City like to maintain and what could be changed/improved?

**Answer:**

The City has a very good working relationship with the entire audit team which makes for a better audit all around. In no particular order we value:

- Continuity at the staff level from year-to-year on the auditor side (to the extent possible).
- Where possible, reliance on substantive analytic and/or control testing in an effort to reduce detailed testing.
- Guidance or suggestions on improvements year-over-year, both in terms of the City's systems and controls but also in audit efficiency.
- Input and guidance during changes in standards (i.e. new pronouncements).
- Targeted interim testing in an effort to smooth out workload spikes related to the audit.
- A collegial relationship at all levels of each organization.

14. Is the City planning any major transactions (e.g., debt issuances, mergers, significant new types of operational activities, etc.) over the next few years that would significantly impact the financial statements?

**Answer:**

The City does anticipate issuing debt for two of the five utilities in 2023. We also anticipate additional debt issuances on the government side in the next 1-3 years.

15. Does the City anticipate any other major changes in its federal funding over the next several years that would have a significant impact on its operations?

**Answer:**

The City anticipates our federal funding to remain fairly consistent with previous years over the next five years.

16. Has there been any turnover in the City's key financial reporting personnel over the past three years?

**Answer:**

No.

17. Please describe City's understanding of the impacts and implementation status or plan regarding the following:

1. Public-Private and Public-Public Partnerships and Availability Payment Arrangements - GASB 94
2. Subscription-Based Information Technology Arrangements - GASB 96

**Answer:**

The City has begun the early stages of implementation work for both GASB 94 and GASB 96. We are too early in the process to define any immediate impacts.

18. Are there any expected changes in key accounting or information systems in the near future?

**Answer:**

No.

19. What are the communication/meeting expectations during the course of the audit?

**Answer:**

Currently we receive open item listings on a daily basis with a check-in call each morning to clarify any items. Ad hoc items are handled through email and all other completed items are uploaded to the audit team daily.

20. Does the City have any single audit or financial statement internal control findings as a result of the most recent audit period?

**Answer:**

No.

21. Is the previous audit allowed to bid on the RFP?

**Answer:**

Yes. City code allows a public accounting firm to perform the independent audit for up to two consecutive five year terms. However, to be eligible to participate in a new competitive RFP the firm must assign a new lead partner to conduct the audit under the new contract.

22. Why is the City going out for audit?

**Answer:**

See response to question 1.

23. Were there any issues with the current auditor? Do they intend to propose again?

**Answer:**

There are no issues with the current auditor. The current auditor is eligible to participate in this RFP. See response to question 21.

24. Were there any journal entries discovered by the auditors during the 2023 audit process for the City, Library or Poudre Fire?

**Answer:**

See response to question 6.

25. For the City, Library or Poudre Fire, have there been any significant changes in key staff in the past year that would affect the 2023 audit? Is any anticipated turnover during the proposed five-year audit period known at this time?

**Answer:**

No

26. Outside of the audit process, what does the City find/define value from its auditors?

**Answer:**

Partnership.

27. Were there any major audit issues identified for 2022? Are there any anticipated issues for 2023?

**Answer:**

No.

28. What part of the audit process would the City like to improve over the past audits?

**Answer:**

See answer to question 13.

29. What transition issues would the City be concerned about if the audit is awarded to new auditors?

**Answer:**

Getting a new auditor up to speed on systems and internal processes.

30. Assuming each bidder's proposed fees are equal, what is the next most important thing to the City?

**Answer:**

The proposals and interviews will be evaluated and scored based on the criteria and weighting stated in Section 6 of the RFP.

31. What were the fees for the prior year audits for the City, Library and Poudre Fire?

**Answer:**

See response to question 7.

32. Can you please provide clarification on the extent of verification required for arbitrage and bond escrow?

**Answer:**

This service is no longer anticipated to be performed by the selected auditor. The services related to arbitrage and bond escrow will be removed from the scope of work and should not be considered in the RFP response.

33. Can you please provide a copy of the most recent agreed upon procedure for the cable TV franchise agreement? If the most recent agreed upon procedure report is not available, please provide a listing of the specific procedures that are to be applied to the subject matter.

**Answer:**

This service is no longer anticipated to be performed by the selected auditor. The services related to the TV franchise agreement will be removed from the scope of work and should not be considered in the RFP response.

34. Through implementation of GASB-87 Leases, how many contracts were identified as applicable? How many contracts were excluded?

**Answer:**

We identified 225 contracts and 114 were included in the financial statements. This is inclusive of both lessee and lessor.

35. How many Subscription Based Technology Arrangements (SBITAs) do you anticipate are applicable to GASB-96 for the 2023 implementation?

**Answer:**

We are in the early stages of determining how many SBITAs we believe will be in scope and it is too early to determine.

36. Does the City have any Private-Private or Public-Private Partnerships applicable to GASB-94? If so, how many do you anticipate having for the 2023 implementation?

**Answer:**

The City is currently evaluating all of our partnership agreements under GASB 94 to make a determination if they will be included for the implementation.

37. Did the City early implement any GASB standards during FY23?

**Answer:**

No.

38. What single audit programs were identified as major programs during the 2022 audit? Were there any 2022 findings that will require follow up?

**Answer:**

State and Local Fiscal Recover Funds, Shuttered Venuue Operator Grant, Federal Transit Cluster, Pass through funds from the state.

39. Does the City have a preference of whether fieldwork is completed onsite or in person?

**Answer:**

We do not have a preference.

40. Why is the City going out to bid and is the incumbent auditor permitted to bid?

**Answer:**

See responses to questions 1 and 21.

41. Would you please provide the audit fees for the prior three years? If available would you provide the fees disaggregated between the financial audit and the single audit and the separate audits of the Poudre Fire Authority and Poudre River Public Library District?

**Answer:**

See response to question 7 for the audit fees for 2022. For 2022 the base fee was \$106,900 which included two major programs. The final price includes four major programs. Over the term of the 5 year agreement the fees increased 3% annually. Of the total annual fee, the cost is allocated approximately eight percent to the Poudre Fire Authority and five percent to the Poudre River Public Library District.

42. Has there been any significant turnover in the accounting or finance departments?

**Answer:**

No

43. Does the City typically require assistance from the auditors with the implementation of new accounting standards?

**Answer:**

We look to our auditors to provide guidance on certain implementation aspects and interpretations and if necessary will look for an additional engagement with our auditors if more help is required.

44. What are the things that are most important to the City and its staff with respect to the audit engagement?

**Answer:**

See response to question 13.

45. What is the status of the 2022 financial and single audits? Will there be any findings included in the final reports or management letter?

**Answer:**

No findings will be included. The final financials can be found here:

<https://www.fcgov.com/finance/files/2022-city-of-fort-collins-acfr.pdf>

46. Based on insurance industry standards, insurers will not add clients as additional insureds, provide waivers of subrogation, or enter into hold harmless agreements on professional liability policies (which includes errors and omissions coverage) as described in Appendix D Proposer Warranties form. In addition, insurers will not add clients as additional insureds on worker's compensation policies. Appendix D Proposer Warranties is required to be completed and returned with the proposal. Please confirm that these requirements are only applicable to the extent allowed by the proposer's insurance policies.

**Answer:**

The City will require to be named additional insured for general and vehicle liability. Additional insured is not required for professional liability or Worker's Compensation insurance



## BEST PRACTICES

# Audit Procurement

Select services that include a broad scope of financial presentations and perform their audits in accordance with the Generally Accepted Government Auditing Standards. Governments should enter into multiyear agreements and undertake a full-scale competitive selection process.

The Government Finance Officers Association (GFOA) has long recommended that state and local governmental entities obtain independent audits of their financial statements, and single audits, if required based on the entity's use of federal or state grant funds, performed in accordance with the appropriate professional auditing standards. Properly performed audits play a vital role in the public sector by helping to preserve the integrity of the public finance functions, and by maintaining citizens' confidence in their elected leaders.

### **GFOA makes the following recommendations regarding the selection of auditing services:**

- The scope of the independent audit should encompass not only the fair presentation of the basic financial statements, but also the fair presentation of the financial statements of individual funds and component units. Nevertheless, the selection of the appropriate scope of the independent audit ultimately remains a matter of professional judgment. Accordingly, those responsible for securing independent audits should make their decision concerning the appropriate scope of the audit engagement based upon their

particular government's specific needs and circumstances, consistent with applicable legal requirements.

- Governmental entities should require in their audit contracts that the auditors of their financial statements perform their audits in accordance with the audit standards promulgated in the U.S. Government Accountability Office's Government Auditing Standards. Government Auditing Standards, also known as Generally Accepted Government Auditing Standards (GAGAS), provide a higher level of assurance with regard to internal control than Generally Accepted Audit Standards (GAAS), which are fully incorporated into GAGAS.
- Governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year.
- Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements. While there is some belief that auditor independence is enhanced by a policy requiring that the independent audit firm be replaced at the end of each multiyear agreement, unfortunately, the frequent lack of competition among audit firms fully qualified to perform public-sector audits could make a policy of mandatory audit firm rotation counterproductive. In such cases, it is recommended that a governmental entity actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory. Where audit firm rotation does not result from this process, governments may consider requesting that senior engagement staff, such as engagement partners and senior managers, be rotated to provide a fresh perspective. Except in cases where a multiyear agreement has taken the form of a series of single-year contracts, a contractual

provision for the automatic renewal of the audit contract (e.g., an automatic second term for the auditor upon satisfactory performance) is inconsistent with this recommendation.

- Professional standards allow independent auditors to perform certain types of nonaudit services for their audit clients. Any significant nonaudit services should always be approved in advance by a governmental entity's audit committee. Furthermore, governmental entities should routinely explore the possibility of alternative service providers before making a decision to engage their independent auditors to perform significant nonaudit services.
- The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. Price should not be allowed to serve as the sole criterion for the selection of an independent auditor, rather an independent auditor should have a demonstrated commitment to the state and local government audit practice.

#### Notes:

**Contract Issues for Governmental Audits** - The AICPA State and Local Government Expert Panel and GFOA worked together to develop this joint article intended to educate both governments and their auditors about clauses in contracts and engagement letters in the governmental environment that may not meet AICPA professional standards and that may create uncertainty about the auditor's independence.

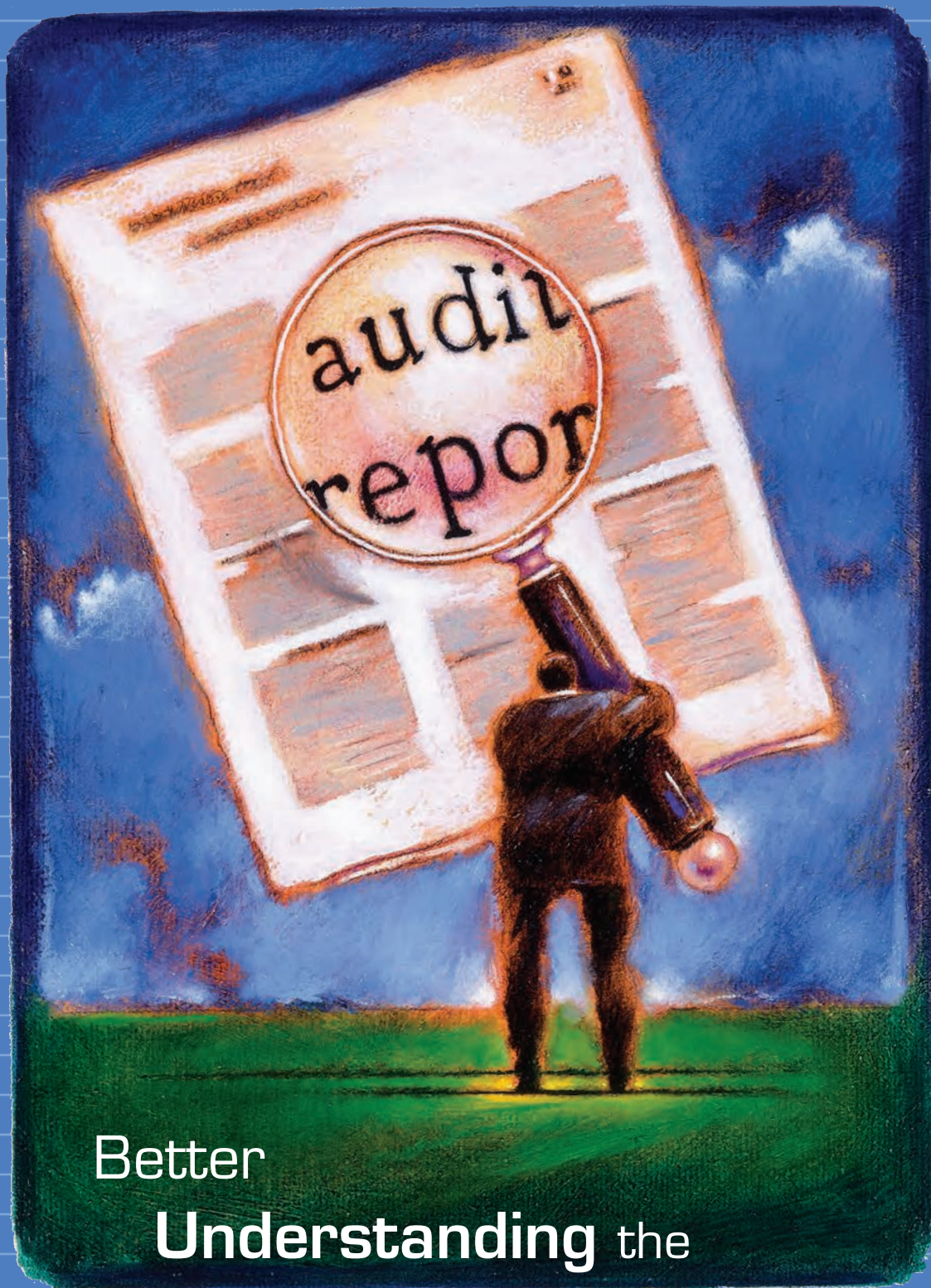
#### References:

- *CPA Audit Quality: A Framework for Procuring Audit Services*, U.S. Government Accountability Office, August 1987.
- *Governmental Accounting, Auditing and Financial Reporting (GAAFR)*, Stephen J. Gauthier, GFOA, 2012.

**Board approval date: Friday, March 8, 2019**







Better  
**Understanding** the  
Financial Statement Audit

STEPHEN J. GAUTHIER

For most local governments, the annual financial statement audit is as much a part of the yearly round of public finance as the approval of the operating budget. Despite its routine character, however, the financial statement audit appears to remain something of mystery to most outside the auditing profession. This article will attempt to dispel the cloud of mystery by first briefly reviewing the nature and purpose of the financial statement audit and then examining ten specific points of misunderstanding commonly encountered in practice.

## NATURE AND PURPOSE

Anyone entrusted with responsibility for managing financial resources on behalf of others should provide a full accounting of that stewardship. For state and local governments, such an accounting ideally takes the form of financial statements prepared in conformity with generally accepted accounting principles (GAAP).

It is easy, of course, to imagine circumstances where those giving an accounting of their stewardship might be tempted to be less than forthcoming, or worse. Accordingly, those who must rely on financial statements to make decisions have traditionally sought the assurance of a disinterested third party to justify that reliance. That third party, of course, is the independent auditor.

**Role of Management.** Since management is responsible for the stewardship of financial resources, it is also primarily responsible for preparing the financial statements that give an accounting of that stewardship. Even when management seeks outside help to prepare the financial statements, it remains responsible for their contents, just as taxpayers remain responsible for their tax returns, even if the returns are prepared by paid tax professionals. Thus, managers must take ownership of their financial reporting. Generally accepted auditing standards (GAAS) require that managers do so explicitly in the form of a *management representation letter*.

**Role of Internal Control.** It would be hard to place confidence in an approval process that amounted to little more than affixing initials to documents without first examining them. So too, it would hardly be meaningful for management to assume responsibility for the data presented in financial

statements if management did not have some reasonable basis for doing so. That reasonable basis can be provided only by a comprehensive framework of internal control.

**Role of the Governing Body.** While management is *primarily* responsible for financial reporting (including the comprehensive framework of internal control used to generate the financial statements), the governing body remains *ultimately* responsible for ensuring that management meets its responsibilities in this regard. Typically, an audit committee, comprising members of the governing body, provides the necessary oversight.

**Objective of Fair Presentation.** Precision comes at a price. That price can be justified only if the resulting benefits exceed their cost. In real life, few decisions require that amounts in financial statements be exact “down to the penny.” Thus, the goal of financial statements is *fairness* rather than absolute *accuracy*. That is, the objective of financial reporting is a presentation that is free from *material misstatement* (i.e., an error of such significance that it could affect decisions made based on it).

**Concept of Reasonable Assurance.** Considerations of cost benefit also affect the work of the independent auditor. It would typically be impractical for the independent auditor to examine each and every transaction. Instead, auditors seek *reasonable assurance* that amounts are fairly presented by testing *samples* of items.

## TEN COMMON POINTS OF MISUNDERSTANDING

**No. 1: Fair presentation is not equivalent to financial health (i.e., a good picture is not necessarily a pretty picture).** People frequently criticize the independent auditors when they find out that a government currently experiencing financial difficulties received an unqualified (i.e., “clean”) opinion on the fair presentation of its financial statements. Yet there is no inconsistency between a government receiving an unqualified opinion on the fairness of its financial statements and that same government experiencing financial difficulties.

The financial statement audit is designed to vouch for the *reliability* of the financial statements, *not* the soundness of the finances they portray. Just as the image of something unattractive in a photograph is no indication of a defective cam-

Despite its routine character, the financial statement audit appears to remain something of mystery to most outside the auditing profession.

era, poor financial condition is in no way inconsistent with fair financial statement presentation.

**No. 2: Financial statement audits are not designed to detect all instances of fraud, abuse, and program non-compliance (i.e., smaller items may be expected to fly under the radar screen).** Many people assume that the principal goal of a financial statement audit is to uncover fraud, abuse, and instances of program noncompliance. In fact, the discovery of such items is only incidental to the purpose of a financial statement audit.

As already explained, the true purpose of a financial statement audit is to achieve *reasonable* (rather than *absolute*) assurance that the financial statements are *fairly* (rather than *accurately*) *presented*. Accordingly, the audit is designed to detect only those instances of fraud, abuse, or program non-compliance that would be material (i.e., significant enough to affect decisions made based on the financial statements). Needless to say, many, if not most, instances of fraud, abuse, and program noncompliance fail to reach this threshold and thus “fall between the cracks” of a financial statement audit.

The independent auditors will, of course, report any instances of fraud, abuse, and program noncompliance that they do encounter while performing the audit (unless it is clearly inconsequential), regardless of materiality. Still, the financial statement audit is *not* designed to identify immaterial instances of fraud, abuse, and program noncompliance, nor is it likely to do so.

**No. 3: Size is not the sole consideration in judging materiality (i.e., big things can come in small packages).** Sometimes a government’s managers and its auditors will disagree as to whether a specific item should be treated as *material*. Such disagreements arise, as often as not, from a mistaken notion that size is the sole criterion for judging *materiality*. As discussed earlier, however, an item is considered to be material based on its potential for changing a decision. Clearly a relatively small amount could have just that effect in the right circumstances (e.g., the difference between a surplus and a deficit, the difference between a positive and a negative trend, a legal or contractual violation). That is, materiality has a *qualitative* as well as a *quantitative* dimension. Viewed another way, the very fact that the materiality of an item is being debated would seem to be an argument in favor of its importance (i.e., materiality) to someone.

**No. 4: Quantitative materiality needs to be assessed in relation to individual major funds and to each of the government-wide activity columns (the big picture is not good enough).** Private-sector business enterprises do not use fund accounting; therefore, quantitative materiality is assessed in relation to the enterprise’s financial statements “taken as a whole.” Conversely, in the public sector, quantitative materiality is assessed separately for each major fund (and for nonmajor funds in the aggregate). It also is assessed separately for the *governmental activities* and *business-type activities* columns reported in the government-wide financial statements. As a result, an amount that might not have been material from the perspective of the government “taken as a whole” may be material from the narrower vantage point of an individual major fund or activity column.

**No. 5: You cannot assess the reliability of data yet ignore the system that generates the data (it is risky to trust unreliable people, even when they appear to be telling the truth).** There are two fundamental approaches an auditor can take to determine the reliability of data presented in financial statements. One approach is to directly test a given item (e.g., confirm the amount reported as *cash on deposit* with the bank). The other approach is to test the reliability of the system that generates the data.



bility of the underlying system that generates the data (e.g., validate the amount reported as *vendor payables* by testing the reliability of the processing of transactions in the purchasing system). Auditors describe the first approach as *substantive testing* and the second as the *testing of controls*.

There was a time in the not-so-distant past when auditors could choose to rely on the substantive testing to the virtual exclusion of tests of controls. More recently, the audit profession has concluded that auditors can never simply bypass the testing of controls. The basic notion behind the change is that no amount of substantive testing can counterbalance the unreliability inherent in data generated by a system that is fundamentally flawed (i.e., just as it would be hard to justify relying on the assertions of an individual known to be dishonest, incompetent, or otherwise unreliable). Thus, the independent auditor must *always* assess the reliability of the internal controls that support financial reporting.

**No. 6: Auditors must report control weaknesses even if those weaknesses had no effect on the fair presentation of the financial statements (you cannot afford to ignore cracks in a dam).**

It is possible, of course, to leave the front door of the house open wide upon leaving for work in the morning and still come home at night to find that nothing has been stolen. Such an outcome does not diminish the seriousness of the risk posed by leaving the door of a house wide open all day long with everyone gone. Likewise, auditors are required to disclose *significant deficiencies* as part of the audit even if it can be clearly established that no harm actually resulted from those deficiencies.

**No. 7: Auditors are not allowed to perform any task that would compromise their independence (you cannot be both judge and defense attorney).** A government's independent auditors possess a wealth of experience and expertise that managers understandably wish to draw upon. Accordingly, auditors routinely provide clients with professional advice on a broad range of topics. All the same, auditors must refrain from placing themselves in the position of having to audit their own work, which would occur if they were to perform managerial tasks (e.g., approving payroll,

making journal entries) or a special assignment whose work product fell within the scope of the audit (e.g., selection or implementation of general ledger software). Thus, the independent auditors are severely restricted in the types of non-audit work they may perform for a governmental client.

**No. 8: Audit fees cannot be the principal factor in selecting an audit firm (you often get what you pay for).**

The quality of professional services will naturally vary with the professional that performs them. GAAP for state and local governments are substantially different from private-sector GAAP, just as public-sector auditing typically requires expertise well beyond GAAS (e.g., *Government Auditing Standards*, also known as the “Yellow Book” or *generally accepted government auditing standards*—GAGAS, and the Single Audit).

Therefore, in the audit procurement process, it is essential that a government first determine whether a firm possesses the requisite expertise and experience to perform a quality audit before considering price. Unfortunately, it is easy for governments to allow price to trump all other considerations in the auditor selection process, which often has led to substandard audits. A substandard audit is not a bargain at *any* price.

**No. 9: It is in the government's best interest to sign a multi-year audit contract (why pay more for the same thing?).** In an initial audit of a set of financial statements, the new auditors must

incur substantial costs to gain an understanding of and document the environment in which the government operates and its framework of internal control. In subsequent years, the auditor typically needs only to update that understanding and documentation. In a competitive, multi-year audit contract process, proposing audit firms can spread the initial cost over the entire term of the contract to arrive at the lowest possible bid. Conversely, if a government contracts for the financial statement audit only one year at a time, proposing firms must include the entire initial cost as part of the fee for that year or risk incurring a loss should the firm's contract not be renewed. Accordingly, the Government Finance Officers Association recommends that governments minimize potential audit costs by entering into multi-year audit contracts of no less than five years.

Even when management seeks outside help to prepare the financial statements, it remains responsible for their contents, just as taxpayers remain responsible for their tax returns, even if the returns are prepared by paid tax professionals.

**No. 10: Mandatory auditor rotation may pose special risks in the public sector (do not force yourself into a bad decision).** Many people believe that periodically changing audit firms offers real advantages such as a fresh outlook and greater independence from management. Accordingly, many private-sector business enterprises and not-for-profits mandate that a new audit firm be selected periodically.

The potential benefits of auditor rotation depend on the presence of a sufficient number of qualified firms being interested in performing the audit. Unfortunately, such is often *not* the case in the public sector, where the highly specialized character of governmental GAAP and governmental auditing standards often severely restrict the number of qualified firms in a given location. Accordingly, a policy of mandatory auditor rotation, when applied to state and local governments, could force a government into the position of hiring a less-than fully qualified replacement for its current independent auditor.

Given these facts, the best course of action for most governments is to mandate an aggressive procurement effort

at the end of the audit contract to maximize the possibility for auditor rotation, without precluding the current audit firm from participating. Furthermore, many of the potential benefits of auditor rotation could be achieved by rotating the personnel assigned to the engagement within the current auditing firm.

## CONCLUSIONS

There is no reason for the financial statement audit to remain a mystery for managers and others outside the auditing profession. Gaining a better understanding of the financial statement audit and the principles that underlie it should help all concerned to better cooperate toward the common goal of greater accountability. ■

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