

City of Madison
CONTRACT FOR PURCHASE OF SERVICES

1. **PARTIES.**

This is a Contract between the City of Madison, Wisconsin, hereafter referred to as the "City" and Baker Tilly Virchow Krause, LLP hereafter referred to as "Contractor."

The Contractor is a: Corporation Limited Liability Company General Partnership LLP
(to be completed by contractor) Sole Proprietor Unincorporated Association Other: _____.

2. **PURPOSE.**

The purpose of this Contract is as set forth in Section 3.

3. **SCOPE OF SERVICES AND SCHEDULE OF PAYMENTS.**

Contractor will perform the following services and be paid according to the following Exhibits:

Exhibit A1: City of Madison's Request for Proposal for Professional Auditing Services RFP 8835-0-2019-BO'

Exhibit A2: Contractor's proposal dated August 15th, 2019.

Exhibit B: Fees – Cost Proposal for Professional Auditing Services dated August 15th, 2019

The parties also agree to attach and incorporate herein Addendum 1, Engagement Letter Terms.

Order of Precedence: In the event of a conflict between the terms of this Contract for Purchase of Services and the terms of any document attached or incorporated herein, the terms of this Contract for Purchase of Services shall control and supersede any such conflicting term.

4. **TERM AND EFFECTIVE DATE.**

This Contract shall become effective upon execution by the Mayor, (or the Purchasing Agent, if authorized) on behalf of the City of Madison, unless another effective date is specified in the Attachment(s) incorporated in Section 3, however in no case shall work commence before execution by the City of Madison. The term of this Contract shall be for the completion of an audit as described herein for the fiscal years ending December 31 of 2019, 2020 and 2021, terminating upon the completion of both parties obligations under this contract and the City's final acceptance of all work performed for the 2021 fiscal year. This contract may be renewed by mutual written agreement of both parties for an additional contract period covering the fiscal years 2022 and 2023.

5. **ENTIRE AGREEMENT.**

This Contract for Purchase of Services, including any and all attachments, exhibits and other documents referenced in Section 3 (hereafter, "Agreement" or "Contract") is the entire Agreement of the parties and supersedes any and all oral contracts and negotiations between the parties. If any document referenced in Section 3 includes a statement that expressly or implicitly disclaims the applicability of this Contract for Purchase of Services, or a statement that such other document is the "entire agreement," such statement shall be deemed rejected and shall not apply to this Contract.

6. **ASSIGNABILITY/SUBCONTRACTING.**

Contractor shall not assign or subcontract any interest or obligation under this Contract without the City's prior written approval. All of the services required hereunder will be performed by Contractor and employees of Contractor.

7. **DESIGNATED REPRESENTATIVE.**

- A. Contractor designates Carla A. Gogin as Contract Agent with primary responsibility for the performance of this Contract. In case this Contract Agent is replaced by another for any reason, the Contractor will designate another Contract Agent within seven (7) calendar days of the time the first terminates his or her employment or responsibility using the procedure set forth in Section 15, Notices.
- B. In the event of the death, disability, removal or resignation of the person designated above as the Contract agent, the City may accept another person as the Contract agent or may terminate this Agreement under Section 25, at its option.

8. **PROSECUTION AND PROGRESS.**

- A. Services under this Agreement shall commence upon written order from the City to the Contractor, which order will constitute authorization to proceed; unless another date for commencement is specified elsewhere in this Contract including documents incorporated in Section 3.
- B. The Contractor shall complete the services under this Agreement within the time for completion specified in Section 3, the Scope of Services, including any amendments. Notwithstanding the foregoing, the City acknowledges and agrees that the performance of the services is subject to a number of factors outside of Contractor's direct control, including without limitation the scheduling availability of the City's personnel. The Contractor's services are completed when the Contractor delivers the Deliverables to the City that conform to the specifications set forth herein. The time for completion shall not be extended because of delay attributable to the Contractor but may be extended upon the written agreement of both parties in the event of a delay attributable to either party, or in the event of unavoidable delay caused by war, insurrection, natural disaster, or other unexpected event beyond the control of the parties. If at any time the Contractor believes that the time for completion of the work should be extended because of unavoidable delay caused by an unexpected event, or because of a delay attributable to the City, the Contractor shall notify the City as soon as possible, but not later than seven (7) calendar days after such an event. Such notice shall include any justification for an extension of time and shall identify the amount of time claimed to be necessary to complete the work.
- C. Services by the Contractor shall proceed continuously and expeditiously through completion of each phase of the work.

- D. Progress reports documenting the extent of completed services shall be prepared by the Contractor and submitted to the City with each invoice under Section 24 of this Agreement, and at such other times as the City may specify, unless another procedure is specified in Section 3.
- E. The Contractor shall notify the City in writing when the Contractor has determined that the services under this Agreement have been completed. When the City determines that the services are complete and are acceptable, the City will provide written notification to the Contractor, acknowledging formal acceptance of the completed services.

9. **AMENDMENT.**

This Contract shall be binding on the parties hereto, their respective heirs, devisees, and successors, and cannot be varied or waived by any oral representations or promise of any agent or other person of the parties hereto. Any other change in any provision of this Contract may only be made by a written amendment, signed by the duly authorized agent or agents who executed this Contract.

10. **EXTRA SERVICES.**

The City may require the Contractor to perform extra services or decreased services, according to the procedure set forth in Section 24. Extra services or decreased services means services which are not different in kind or nature from the services called for in the Scope of Services, Section 3, but which may increase or decrease the quantity and kind of labor or materials or expense of performing the services. Extra services may not increase the total Contract price, as set forth in Section 23, unless the Contract is amended as provided in Section 9 above.

11. **NO WAIVER.**

No failure to exercise, and no delay in exercising, any right, power or remedy hereunder on the part of the City or Contractor shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No express waiver shall affect any event or default other than the event or default specified in such waiver, and any such waiver, to be effective, must be in writing and shall be operative only for the time and to the extent expressly provided by the City or Contractor therein. A waiver of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition.

12. **NON-DISCRIMINATION.**

In the performance of work under this Contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, marital status, age, color, sex, handicap, national origin or ancestry, income level or source of income, arrest record or conviction record, less than honorable discharge, physical appearance, sexual orientation, gender identity, political beliefs or student status. Contractor further agrees not to discriminate against any subcontractor or person who offers to subcontract on this Contract because of race, religion, color, age, disability, sex, sexual orientation, gender identity or national origin.

13. **AFFIRMATIVE ACTION.**

A. The following language applies to all contractors employing fifteen (15) or more employees (MGO 39.02(9)(c):

The Contractor agrees that, within thirty (30) days after the effective date of this Contract, Contractor will provide to the City of Madison Department of Civil Rights (the "Department"), certain workforce utilization statistics, using a form provided by the City.

If the Contract is still in effect, or if the City enters into a new Agreement with the Contractor, within one year after the date on which the form was required to be provided, the Contractor will provide updated workforce information using a second form, also to be furnished by the City. The second form will be submitted to the Department no later than one year after the date on which the first form was required to be provided.

The Contractor further agrees that, for at least twelve (12) months after the effective date of this Contract, it will notify the Department of each of its job openings at facilities in Dane County for which applicants not already employees of the Contractor are to be considered. The notice will include a job description, classification, qualifications, and application procedures and deadlines, shall be provided to the City by the opening date of advertisement and with sufficient time for the City to notify candidates and make a timely referral. The Contractor agrees to interview and consider candidates referred by the Department, or an organization designated by the Department, if the candidate meets the minimum qualification standards established by the Contractor, and if the referral is timely. A referral is timely if it is received by the Contractor on or before the date stated in the notice.

The Department will determine if a contractor is exempt from the above requirements (Sec. 13.A.) at the time the Request for Exemption in 13.B.(2) is made.

B. Articles of Agreement, Request for Exemption, and Release of Payment:

The "ARTICLES OF AGREEMENT" beginning on the following page, apply to all contractors, unless determined to be exempt under the following table and procedures:

NUMBER OF EMPLOYEES	LESS THAN \$50,000 Aggregate Annual Business with the City*	\$50,000 OR MORE Aggregate Annual Business with the City*
14 or less	Exempt**	Exempt**
15 or more	Exempt**	Not Exempt

*As determined by the Finance Director

**As determined by the Department of Civil Rights

(1) **Exempt Status:** In this section, "Exempt" means the Contractor is exempt from the Articles of Agreement in section 13.B.(5) of this Contract and from filing an Affirmative Action plan as required by Section IV of the Articles of Agreement. The Department of Civil Rights ("Department") makes the final determination as to whether a contractor is

exempt. If the Contractor is not exempt, sec. 13.B.(5) shall apply and Contractor shall select option A. or B. under Article IV therein and file an Affirmative Action Plan.

(2) Request for Exemption – Fewer Than 15 Employees: (MGO 39.02(9)(a)2.) Contractors who believe they are exempt based on number of employees shall submit a Request for Exemption on a form provided by the Department within thirty (30) days of the effective date of this Contract.

(3) Exemption – Annual Aggregate Business: (MGO 39.02(9)(a)c.): The Department will determine, at the time this Contract is presented for signature, if the Contractor is exempt because it will have less than \$50,000 in annual aggregate business with the City for the calendar year in which the contract is in effect. **CONTRACTORS WITH 15 OR MORE EMPLOYEES WILL LOSE THIS EXEMPTION AND BECOME SUBJECT TO SEC. 13.B.(5) UPON REACHING \$50,000 OR MORE ANNUAL AGGREGATE BUSINESS WITH THE CITY WITHIN THE CALENDAR YEAR, BEGINNING IN 2019.**

(4) Release of Payment: (MGO 39.02(9)(e)1.b.) All non-exempt contractors must have an approved Affirmative Action plan meeting the requirements of Article IV below on file with the Department within thirty (30) days of the effective date of this Contract and prior to release of payment by the City. Contractors that are exempt based on number of employees agree to file a Request for Exemption with the Department within thirty (30) days of the effective date and prior to release of payment by the City.

(5) Articles of Agreement:

ARTICLE I

The Contractor shall take affirmative action in accordance with the provisions of this Contract to insure that applicants are employed, and that employees are treated during employment without regard to race, religion, color, age, marital status, disability, sex, sexual orientation, gender identity or national origin and that the employer shall provide harassment-free work environment for the realization of the potential of each employee. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training including apprenticeship insofar as it is within the control of the Contractor. The Contractor agrees to post in conspicuous places available to employees and applicants notices to be provided by the City setting out the provisions of the nondiscrimination clauses in this Contract.

ARTICLE II

The Contractor shall in all solicitations or advertisements for employees placed by or on behalf of the Contractors state that all qualified or qualified applicants will be employed without regard to race, religion, color, age, marital status, disability, sex, sexual orientation, gender identity or national origin.

ARTICLE III

The Contractor shall send to each labor union or representative of workers with which it has a collective bargaining Agreement or other Contract or understanding a notice to be provided by the City advising the labor union or workers representative of the Contractor's equal employment opportunity and affirmative action commitments. Such notices shall be posted in conspicuous places available to employees and applicants for employment.

ARTICLE IV

(This Article applies to non-public works contracts.)

The Contractor agrees that it will comply with all provisions of the Affirmative Action Ordinance of the City of Madison (MGO 39.02) including the Contract compliance requirements. The Contractor warrants and certifies that one of the following paragraphs is true **(check one):**

- A. Contractor has prepared and has on file an affirmative action plan that meets the format requirements of Federal Revised Order No. 4, 41 CFR part 60-2, as established by 43 FR 51400 November 3, 1978, including appendices required by City of Madison ordinances or it has prepared and has on file a model affirmative action plan approved by the Madison Common Council.
- B. Within thirty (30) days after the effective date of this Contract, Contractor will complete an affirmative action plan that meets the format requirements of Federal Revised Order No. 4, 41 CFR Part 60-2, as established by 43 FR 51400, November 3, 1978, including appendices required by City of Madison ordinance or within thirty (30) days after the effective date of this Contract, it will complete a model affirmative action plan approved by the Madison Common Council.
- C. Contractor believes it is exempt from filing an affirmative action plan because it has fewer than fifteen (15) employees and has filed, or will file within thirty (30) days after the effective date of this Contract, a form required by the City to confirm exempt status based on number of employees. If the City determines that Contractor is not exempt, the Articles of Agreement will apply.
- D. Contractor believes it is exempt from filing an affirmative action plan because its annual aggregate business with the City for the calendar year in which the contract is in effect is less than fifty thousand dollars (\$50,000), or for another reason listed in MGO 39.02(9)(a)2. If the City determines that Contractor is not exempt, the Articles of Agreement will apply.

ARTICLE V

(This Article applies only to public works contracts.)

The Contractor agrees that it will comply with all provisions of the Affirmative Action Ordinance of the City of Madison, including the Contract compliance requirements. The Contractor agrees to submit the model affirmative action plan for public works Contractors in a form approved by the Director of Affirmative Action.

ARTICLE VI

The Contractor will maintain records as required by Section 39.02(9)(f) of the Madison General Ordinances and will provide the City's Department of Affirmative Action with access to such records and to persons who have relevant and necessary information, as provided in Section 39.02(9)(f). The City agrees to keep all such records confidential, except to the extent that public inspection is required by law.

ARTICLE VII

In the event of the Contractor's or subcontractor's failure to comply with the Equal Employment Opportunity and Affirmative Action provisions of this Contract or Sections 39.03 and 39.02 of the Madison General Ordinances, it is agreed that the City at its option may do any or all of the following:

- A. Cancel, terminate or suspend this Contract in whole or in part.
- B. Declare the Contractor ineligible for further City contracts until the Affirmative Action requirements are met.

- C. Recover on behalf of the City from the prime Contractor 0.5 percent of the Contract award price for each week that such party fails or refuses to comply, in the nature of liquidated damages, but not to exceed a total of five percent (5%) of the Contract price, or ten thousand dollars (\$10,000), whichever is less. Under public works contracts, if a subcontractor is in noncompliance, the City may recover liquidated damages from the prime Contractor in the manner described above. The preceding sentence shall not be construed to prohibit a prime Contractor from recovering the amount of such damage from the noncomplying subcontractor.

ARTICLE VIII

(This Article applies to public works contracts only.)

The Contractor shall include the above provisions of this Contract in every subcontract so that such provisions will be binding upon each subcontractor. The Contractor shall take such action with respect to any subcontractor as necessary to enforce such provisions, including sanctions provided for noncompliance.

ARTICLE IX

The Contractor shall allow the maximum feasible opportunity to small business enterprises to compete for any subcontracts entered into pursuant to this Contract. (In federally funded contracts the terms "DBE, MBE, and WBE" shall be substituted for the term "small business" in this Article.)

14. **SEVERABILITY.**

It is mutually agreed that in case any provision of this Contract is determined by any court of law to be unconstitutional, illegal or unenforceable, it is the intention of the parties that all other provisions of this Contract remain in full force and effect.

15. **NOTICES.**

All notices to be given under the terms of this Contract shall be in writing and signed by the person serving the notice and shall be sent registered or certified mail, return receipt requested, postage prepaid, or hand delivered to the addresses of the parties listed below:

FOR THE CITY:

Patricia A. McDermott, CPA

(Department or Division Head)

210 Martin Luther King Jr Blvd Rm 406

Madison, WI 53703

FOR THE CONTRACTOR:

Carla A. Gogin

Baker Tilly Virchow Krause, LLP

Ten Terrace Court, PO Box 7398

Madison, WI 53707-7398

16. **STATUS OF CONTRACTOR/INDEPENDENT/TAX FILING.**

It is agreed that Contractor is an independent Contractor and not an employee of the City, and that any persons who the Contractor utilizes and provides for services under this Contract are employees of the Contractor and are not employees of the City of Madison.

Contractor shall provide its taxpayer identification number (or social security number) to the Finance Director, 210 Martin Luther King Jr. Blvd, Room 406, Madison, WI 53703, prior to payment. The Contractor is informed that as an independent Contractor, s/he may have a responsibility to make estimated tax returns, file tax returns, and pay income taxes and make social security payments on the amounts received under this Contract and that no amounts will be withheld from payments made to this Contractor for these purposes and that payment of taxes and making social security payments are solely the responsibility and obligation of the Contractor. The Contractor is further informed that s/he may be subject to civil and/or criminal penalties if s/he fails to properly report income and pay taxes and social security taxes on the amount received under this Contract.

17. **GOODWILL.**

Any and all goodwill arising out of this Contract inures solely to the benefit of the City; Contractor waives all claims to benefit of such goodwill.

18. **THIRD PARTY RIGHTS.**

This Contract is intended to be solely between the parties hereto. No part of this Contract shall be construed to add, supplement, amend, abridge or repeal existing rights, benefits or privileges of any third party or parties, including but not limited to employees of either of the parties.

19. **AUDIT AND RETAINING OF DOCUMENTS.**

The Contractor agrees to provide all reports requested by the applicable State or Federal regulatory bodies including, but not limited to, financial statements and reports, reports and accounting of services rendered, and any other reports or documents requested. Contractor agrees to provide all reports or other documents reasonably requested by the City related to the services performed hereunder. Payroll records and any other documents necessary to monitor the Contractor's compliance with this Contract or relating to the invoices issued under the terms of this Contract shall be retained by the Contractor for a period of three (3) years after completion of all work under this Contract, in order to be available for audit by the City or its designee.

20. **CHOICE OF LAW AND FORUM SELECTION.**
This Contract shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Wisconsin. The parties agree, for any claim or suit or other dispute relating to this Contract that cannot be mutually resolved, the venue shall be a court of competent jurisdiction within the State of Wisconsin and the parties agree to submit themselves to the jurisdiction of said court, to the exclusion of any other judicial district that may have jurisdiction over such a dispute according to any law.
21. **COMPLIANCE WITH APPLICABLE LAWS.**
The Contractor shall become familiar with, and shall at all times comply with and observe all federal, state, and local laws, ordinances, and regulations which in any manner affect the services or conduct of the Contractor and its agents and employees.
22. **CONFLICT OF INTEREST.**
A. The Contractor warrants that it and its agents and employees have no public or private interest, and will not acquire directly or indirectly any such interest, which would conflict in any manner with the performance of the services under this Agreement.
B. The Contractor shall not employ or Contract with any person currently employed by the City for any services included under the provisions of this Agreement.
23. **COMPENSATION.**
It is expressly understood and agreed that in no event will the total compensation under this Contract exceed the amounts specified in **Exhibit B**.
24. **BASIS FOR PAYMENT.**
A. **GENERAL.**
(1) The City will pay the Contractor for the completed and accepted services rendered under this Contract on the basis and at the Contract price set forth in Section 23 of this Contract. The City will pay the Contractor for completed and approved "extra services", if any, if such "extra services" are authorized according to the procedure established in this section. The rate of payment for "extra services" shall be the rate established in this Contract. Such payment shall be full compensation for services rendered and for all labor, material, supplies, equipment and incidentals necessary to complete the services.
(2) The Contractor shall submit invoices, on the form or format approved by the City and as may be further specified in Section 3 of this Contract. The City will pay the Contractor in accordance with the schedule, if any, set forth in Section 3. The final invoice, if applicable, shall be submitted to the City within three months of completion of services under this Agreement.
(3) Should this Agreement contain more than one service, a separate invoice and a separate final statement shall be submitted for each individual service.
(4) Payment shall not be construed as City acceptance of unsatisfactory or defective services or improper materials.
(5) Final payment of any balance due the Contractor will be made upon acceptance by the City of the services under the Agreement and upon receipt by the City of documents required to be returned or to be furnished by the Contractor under this Agreement.
(6) The City has the equitable right to set off against any sum due and payable to the Contractor under this Agreement, any amount the City determines the Contractor owes the City, whether arising under this Agreement or under any other Agreement or otherwise.
(7) Compensation in excess of the total Contract price will not be allowed unless authorized by an amendment under Section 9, AMENDMENT.
(8) The City will not compensate for unsatisfactory performance by the Contractor.
B. **SERVICE ORDERS, EXTRA SERVICE, OR DECREASED SERVICE.**
(1) Written orders regarding the services, including extra services or decreased services, will be given by the City, using the procedure set forth in Section 15, NOTICES.
(2) The City may, by written order, request extra services or decreased services, as defined in Section 10 of this Contract. Unless the Contractor believes the extra services entitle it to extra compensation or additional time, the Contractor shall proceed to furnish the necessary labor, materials, and professional services to complete the services within the time limits specified in the Scope of Services, Section 3 of this Agreement, including any amendments under Section 9 of this Agreement.
(3) If in the Contractor's opinion the order for extra service would entitle it to extra compensation or extra time, or both, the Contractor shall not proceed to carry out the extra service, but shall notify the City, pursuant to Section 15 of this Agreement. The notification shall include the justification for the claim for extra compensation or extra time, or both, and the amount of additional fee or time requested.
(4) The City shall review the Contractor's submittal and respond in writing, either authorizing the Contractor to perform the extra service, or refusing to authorize it. The Contractor shall not receive additional compensation or time unless the extra compensation is authorized by the City in writing.
25. **DEFAULT/TERMINATION.**
A. In the event Contractor shall default in any of the covenants, agreements, commitments, or conditions herein contained, and any such default shall continue unremedied for a period of ten (10) days after written notice thereof to Contractor, the City may, at its option and in addition to all other rights and remedies which it may have at law or in equity against Contractor, including expressly the specific enforcement hereof, forthwith have the cumulative right to immediately terminate this Contract and all rights of Contractor under this Contract.
B. Notwithstanding paragraph A., above, the City may in its sole discretion and without any reason terminate this Agreement at any time by furnishing the Contractor with ten (10) days' written notice of termination. In the event of termination under this subsection, the City will pay for all work completed by the Contractor and accepted by the City.

26. **INDEMNIFICATION AND LIMITATION OF LIABILITY.**

- A. The Contractor hereby agrees to indemnify and defend the City of Madison, and its officers, officials, agents, and employees (each a "Covered Person") against all loss or expense (including liability costs and attorney's fees) by reason of any claim or suit brought against the City of Madison by a third party (collectively "Claims") to the extent such Claims are finally determined to be because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons or on account of damages to tangible personal property, including loss of use thereof, caused by or resulting from the Contractor's and/or Subcontractor's negligent acts or omissions in the performance of this Agreement.
- B. Because of the importance of the information that the City provides to Contractor with respect to Contractor's ability to perform the services, the City hereby releases Contractor and its present and former partners, principals, agents and employees from any liability, damages, fees, expenses and costs, including reasonable attorney's fees, arising directly out of the services performed under this Contract and to the extent resulting from information, including representations by management, knowingly provided by the City, its employees or agents, that is not complete, accurate or current.
- C. The terms of this Section 26 shall apply regardless of the nature of any claim asserted (including, but not limited to, contract, tort, or any form of negligence, whether of the City, Contractor or others), but these terms shall not apply to the extent finally determined to be contrary to the applicable law. These terms shall also continue to apply after any termination of this Agreement.
- D. Each party accepts and acknowledges that any legal proceedings arising from or in conjunction with the services provided under this Agreement must be commenced within the relevant statute of limitations or statute of repose, as applicable.
- E. In no event shall either party be liable to the other for any lost profits, lost business opportunity, lost data, consequential, special, incidental, exemplary or punitive damages delays, interruptions, or viruses arising out of or related to this Agreement even if the other party has been advised of the possibility of such damages.

27. **INSURANCE.**

The Contractor will insure, and will require each subcontractor to insure, as indicated, against the following risks to the extent stated below. The Contractor shall not commence work under this Contract, nor shall the Contractor allow any Subcontractor to commence work on its Subcontract, until the insurance required below has been obtained and corresponding certificate(s) of insurance have been approved by the City Risk Manager.

Commercial General Liability

The Contractor shall procure and maintain during the life of this Contract, Commercial General Liability insurance including, but not limited to bodily injury, property damage, personal injury, and products and completed operations (unless determined to be inapplicable by the Risk Manager) in an amount not less than \$1,000,000 per occurrence. This policy shall also provide contractual liability in the same amount. Contractor's coverage shall be primary and list the City of Madison, its officers, officials, agents and employees as additional insureds. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain insurance meeting the above criteria, applying on a primary basis and listing the City of Madison, its officers, officials, agents and employees as additional insureds.

Automobile Liability

The Contractor shall procure and maintain during the life of this Contract Business Automobile Liability insurance covering owned, non-owned and hired automobiles with limits of not less than \$1,000,000 combined single limit per accident. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain insurance covering each subcontractor and meeting the above criteria.

Worker's Compensation

The Contractor shall procure and maintain during the life of this Contract statutory Workers' Compensation insurance as required by the State of Wisconsin. The Contractor shall also carry Employers Liability limits of at least \$100,000 Each Accident, \$100,000 Disease – Each Employee, and \$500,000 Disease – Policy Limit. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain such insurance, covering each subcontractor.

Professional Liability

The Contractor shall procure and maintain professional liability insurance with coverage of not less than \$1,000,000. If such policy is a "claims made" policy, all renewals thereof during the life of the Contract shall include "prior acts coverage" covering at all times all claims made with respect to Contractor's work performed under the Contract. This Professional Liability coverage must be kept in force for a period of six (6) years after the services have been accepted by the City.

Acceptability of Insurers. The above-required insurance is to be placed with insurers who have an A.M. Best rating of no less than A- (A minus) and a Financial Category rating of no less than VII.

Proof of Insurance, Approval. The Contractor shall provide the City with certificate(s) of insurance showing the type, amount, effective dates, and expiration dates of required policies prior to commencing work under this Contract. Contractor shall provide the certificate(s) to the City's representative upon execution of the Contract, or sooner, for approval by the City Risk Manager. If any of the policies required above expire while this Contract is still in effect, Contractor shall provide renewal certificate(s) to the City for approval. Certificate Holder language should be listed as follows:

City of Madison
ATTN: Risk Management, Room 406
210 Martin Luther King, Jr. Blvd.
Madison, WI 53703

Contractor shall provide copies of additional insured endorsements if requested by the City Risk Manager. The City Risk Manager will only request copies of insurance policies if a claim is filed that, in the opinion of the City Risk Manager, triggers coverage under the insurance required herein. The Contractor shall give the City thirty (30) days advance written notice of cancellation, non-renewal or material changes to any of the above-required policies during the term of this Contract.

28.

OWNERSHIP OF CONTRACT PRODUCT.

All of the tangible work product, including, but not limited to, documents, materials, files, reports, data, including magnetic tapes, disks of computer-aided designs or other electronically stored data or information, which the Contractor prepares as a deliverable for the City pursuant to the terms and conditions of this Contract (each a "Deliverable") shall, when fully paid for by the City as required in this Contract, be the sole property of the City, subject to Contractor's limited license to use the Deliverables set forth below.

The Contractor intends that the copyright to the Deliverables shall be owned by City, whether as author (as a Work Made For Hire), or by assignment from Contractor to City. The parties expressly agree that the Deliverables shall be considered a Work Made For Hire as defined by Title 17, United States Code, Section 101(2).

The Contractor shall retain all right, title and interest in and to: (a) all patent, copyright, trademark and other intellectual property rights therein; and (b) all methodologies, processes, techniques, ideas, concepts, trade secrets, and know-how embodied in the Deliverables or that Contractor may develop or supply in connection with this Agreement (the "Contractor Knowledge"). Subject to the terms of this Agreement, the City grants the Contractor a non-exclusive, non-transferable, revocable license to use the Deliverables and the Contractor Knowledge for any legitimate business purpose.

The documentation for this engagement, including the workpapers, is not part of the Deliverables, is the property of Contractor and constitutes confidential information. The Contractor may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If Contractor is required by law, regulation or professional standards to make certain documentation available to regulators, including, without limitation, State or Federal oversight committees or professional standards oversight boards (each a "Regulator"), the City hereby authorizes Contractor to do so. If there is a request for such required disclosure, Contractor shall notify the City in writing as soon as Contractor becomes aware of the requirement.

29. **BAN THE BOX - ARREST AND CRIMINAL BACKGROUND CHECKS.** (Sec. 39.08, MGO. Applicable to contracts exceeding \$25,000.)

A. **DEFINITIONS.**

For purposes of this section, "Arrest and Conviction Record" includes, but is not limited to, information indicating that a person has been questioned, apprehended, taken into custody or detention, held for investigation, arrested, charged with, indicted or tried for any felony, misdemeanor or other offense pursuant to any law enforcement or military authority.

"Conviction record" includes, but is not limited to, information indicating that a person has been convicted of a felony, misdemeanor or other offense, placed on probation, fined, imprisoned or paroled pursuant to any law enforcement or military authority.

"Background Check" means the process of checking an applicant's arrest and conviction record, through any means.

B. **REQUIREMENTS.** For the duration of this Contract, the Contractor shall:

- (1) Remove from all job application forms any questions, check boxes, or other inquiries regarding an applicant's arrest and conviction record, as defined herein.
- (2) Refrain from asking an applicant in any manner about their arrest or conviction record until after conditional offer of employment is made to the applicant in question.
- (3) Refrain from conducting a formal or informal background check or making any other inquiry using any privately or publicly available means of obtaining the arrest or conviction record of an applicant until after a conditional offer of employment is made to the applicant in question.
- (4) Make information about this ordinance available to applicants and existing employees, and post notices in prominent locations at the workplace with information about the ordinance and complaint procedure using language provided by the City.
- (5) Comply with all other provisions of Sec. 39.08, MGO.

C. **EXEMPTIONS:** This section does not apply when:

- (1) Hiring for a position where certain convictions or violations are a bar to employment in that position under applicable law, or
- (2) Hiring a position for which information about criminal or arrest record, or a background check is required by law to be performed at a time or in a manner that would otherwise be prohibited by this ordinance, including a licensed trade or profession where the licensing authority explicitly authorizes or requires the inquiry in question.

To be exempt under sec. C.(1) or (2) above, Contractor must demonstrate to the City that there is a law or regulation that requires the hiring practice in question. If so, the contractor is exempt from this section for the position(s) in question.

30. **WEAPONS PROHIBITION.**

Contractor shall prohibit, and shall require its subcontractors to prohibit, its employees from carrying weapons, including concealed weapons, in the course of performance of work under this Contract, other than while at the Contractor's or subcontractor's own business premises. This requirement shall apply to vehicles used at any City work site and vehicles used to perform any work under this Contract, except vehicles that are an employee's "own motor vehicle" pursuant to Wis. Stat. sec. 175.60(15m).

31. **IT NETWORK CONNECTION POLICY.**

If this Contract includes services such as software support, software maintenance, network services, and/or system development services and will require a Network Connection the City Network (as defined in the following link), the City's Network Connection Policy found at this link: <http://www.cityofmadison.com/attorney/documents/posNetworkConnection.doc> is hereby incorporated and made a part of this Contract and Contractor agrees to comply with all of its requirements.

32. **AUTHORITY.**

Contractor represents that it has the authority to enter into this Contract. If the Contractor is not an individual, the person signing on behalf of the Contractor represents and warrants that he or she has been duly authorized to bind the Contractor and sign this Contract on the Contractor's behalf.

33. **COUNTERPARTS, ELECTRONIC DELIVERY.**

This Contract may be signed in counterparts, each of which shall be taken together as a whole to comprise a single document. Signatures on this Contract may be exchanged between the parties by facsimile, electronic scanned copy (.pdf) or similar technology and shall be as valid as original. Executed copies or counterparts of this Contract may be delivered by facsimile or email and upon receipt will be deemed original and binding upon the parties hereto, whether or not a hard copy is also delivered. Copies of this Contract, fully executed, shall be as valid as an original.

IN WITNESS WHEREOF, the parties hereto have set their hands at Madison, Wisconsin.

CONTRACTOR:

Baker Tilly Virchow Krause, LLP
(Type or Print Name of Contracting Entity)

By: *Carla A. Gogin*
(Signature)

Carla A. Gogin, Partner
(Print Name and Title of Person Signing)

Date: December 16, 2019

**CITY OF MADISON, WISCONSIN
a municipal corporation:**

By: _____
Satya Rhodes-Conway, Mayor

Date: _____

Approved:

By: _____
David P. Schmiedicke, Finance Director

By: _____
Maribeth Witzel-Behl, City Clerk

Date: _____

Date: _____

Approved as to Form:

By: _____
Eric T. Veum, Risk Manager

By: _____
Michael P. May, City Attorney

Date: _____

Date: _____

For City Use Only: SIGNATURE INSTRUCTIONS FOR CONTRACTS SIGNED BY MAYOR/CLERK:

Obtain contractor's signature first. Route this contract & all of its attachments for City signatures using the City Clerk's Contract Routing Database. Include 1 copy of authorizing resolution & 1 copy of the Certificate of Insurance.

NOTE: Certain service contracts may be executed by the designee of the Finance Director on behalf of the City of Madison:

By: _____
Mary Richards, Procurement Supervisor

Date: _____

MGO 4.26(3) and (5) authorize the Finance Director or designee to sign purchase of service contracts when all of the following apply:

- (a) The funds are included in the approved City budget.
- (b) An RFP or competitive process was used, or the Contract is exempt from competitive bidding under 4.26(4)(a).
- (c) The City Attorney has approved the form of the Contract.
- (d) The Contract complies with other laws, resolutions and ordinances.
- (e) The Contract is for a period of 1 year or less, OR not more than 5 years AND the average cost is not more than \$100,000 per year, AND was subject to competitive bidding. (If over \$50,000 and exempt from bidding under 4.26(4)(a), regardless of duration of the Contract, the Common Council must authorize the Contract by resolution and the Mayor and City Clerk must sign, per 4.26(5)(b).)

Emergency Service contracts may also be signed by the designee of the Finance Director if the requirements of MGO 4.26(3)(c) are met.

For City Use Only: SIGNATURE INSTRUCTIONS FOR CONTRACT TO BE SIGNED BY FINANCE (PURCHASING):

Obtain contractor's signature first. Attach the contractor-signed contract with all attachments/exhibits and the certificate of insurance to the requisition in MUNIS.

CITY OF MADISON

REQUEST FOR PROPOSALS



RFP #: 8835-0-2019-BO

Title: Professional Auditing Services

City Agency: Finance

Due Date: Thursday, August 15, 2019
2:00 PM CST

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1 NOTICE TO PROPOSERS

1.1 Summary

The City of Madison Finance ("City") is soliciting Proposals from qualified vendors for Professional Auditing Services. Vendors submitting Proposals ("Proposers") are required to read this Request for Proposals ("RFP") in its entirety and follow the instructions contained herein.

1.2 Important Dates

Deliver Proposals no later than the due time and date indicated below. The City will reject late Proposals:

Issue Date: Thursday, June 27, 2019
 Questions Due Date: Thursday, July 18, 2019
 Answers Posted Date: Thursday, August 1, 2019
 Due Date: Thursday, August 15, 2019 at 2:00 PM CST

1.3 Format

Submit Technical and Cost Proposals (Form D) in separate, distinct parts within the proposal package.

Hardcopy proposals typed and securely bound on 8.5 by 11-inch paper, otherwise identical to the electronic version.

Electronic proposal in a PDF format stored on a common media (CD, DVD, or flash drive), identical in content and sequence to hardcopy proposals submitted.

Cost Proposal (Form D): One Paper Copy
 Technical Proposal: Ten Bound Paper Copies
 Electronic Proposal: One (1) complete copy. Cost and Technical Proposals should be separate files.

The City will not consider illegible Proposals.

Elaborate proposals (i.e., expensive artwork) beyond that sufficient to present a complete and effective proposal, are not necessary or desired.

Complete and return Forms A through G to City of Madison Purchasing Services by Thursday, August 15, 2019 by 2:00 PM CST.

1.4 Labeling

All proposals must be clearly labeled: Proposer's Name and Address
 RFP #: 8835-0-2019-BO
 Title: Professional Auditing Services
 Due: Thursday, August 15, 2019 2:00 PM CST

All email correspondence must include RFP #8835-0-2019-BO in the subject line.

1.5 Delivery of Proposals

Delivery of hard copies to: City of Madison Purchasing Services
City County Building, Room 407
210 Martin Luther King Jr. Blvd.
Madison, WI 53703

Delivery of electronic copy to: via email to bids@cityofmadison.com,
or on a commonly used media with the hard copies.

Proposals must be delivered as instructed. Deliveries to other City departments and/or locations may result in disqualification.

Note: When mailing your response via a third party delivery service, the outside of the packaging MUST be clearly marked with the RFP name and number. This ensures that the bid can be delivered to the correct purchasing agent without having to open the bid.

1.6 Appendix A: Standard Terms & Conditions

Proposers are responsible for reviewing this attachment prior to submission of their Proposals. City of Madison Standard Terms and Conditions are the minimum requirements for the submission of Proposals.

1.7 Appendix B: Sample Contract for Purchase of Services

Proposers are responsible for reviewing this attachment prior to submission of their Proposals. The Sample Contract for Purchase of Services shall serve as the basis of the contract resulting from this RFP. The terms of this template contract shall become contractual obligations following award of the RFP. By submitting a proposal, Proposers affirm their willingness to enter into a contract containing these terms.

1.8 Affirmative Action Notice

If Contractor employs 15 or more employees and does aggregate annual business with the City of \$50,000 or more for the calendar year in which the PO and/or Contract takes effect, Contractor shall file, within thirty (30) days from the PO/Contract effective date and BEFORE RELEASE OF PAYMENT, an Affirmative Action Plan (www.cityofmadison.com/dcr/aaFormsVS.cfm) designed to ensure that the Contractor provides equal employment opportunity to all and takes affirmative action in its utilization of applicants and employees who are women, minorities and/or persons with disabilities. The Model Affirmative Action Plan for Vendors, Request for Exemption form, and instructions are available at www.cityofmadison.com/dcr/aaForms.cfm or by contacting a Contract Compliance Specialist at the City of Madison Affirmative Action Division at (608) 266-4910.

Contractor shall also allow maximum feasible opportunity to small business enterprises to compete for any subcontracts entered into pursuant to this PO/Contract.

Job postings: If Contractor employs 15 or more employees, regardless of dollar amount, Contractor must notify the City of all external job openings at locations in Dane County, WI and Contractor agrees to interview candidates referred by the City or its designee. Job posting information is available at www.cityofmadison.com/dcr/aaJobSkillsBank.cfm.

The complete set of Affirmative Action requirements for this purchase can be found in **paragraph 20 of Appendix A – Standard Terms and Conditions** and, if applicable, in **paragraph 13 of Appendix B – Sample Contract for Purchase of Services**.

1.9 Multiple Proposals

Multiple Proposals from Proposers are permitted; however, each must fully conform to the requirements for submission. Proposers must sequentially label (e.g., Proposal #1, Proposal #2) and separately package each Proposal. Proposers may submit alternate pricing schemes without having to submit multiple Proposals.

1.10 City of Madison Contact Information

The City of Madison Finance is the procuring agency:	Patricia A. McDermott C.P.A., Accounting Manager City of Madison Finance PH: (608) 266-4478 PMcDermott@cityofmadison.com
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The City of Madison Purchasing Services administers the procurement function:	Brittany O'Donnell Purchasing Services City-County Bldg., Room 407 210 Martin Luther King, Jr. Blvd. Madison, WI 53703-3346 PH: (608) 243-0529 FAX: (608) 266-5948 bids@cityofmadison.com
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For questions regarding Affirmative Action Plans please contact:	Contract Compliance Department of Civil Rights City-County Bldg., Room 523 210 Martin Luther King, Jr. Blvd. Madison, WI 53703 PH: (608) 266-4910 dcr@cityofmadison.com
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The City employs spam filtering that occasionally blocks legitimate emails, holding them in ‘quarantine’ for four calendar days. The contacts listed in this RFP will acknowledge all emails received. Proposers not receiving acknowledgement within twenty-four hours shall follow-up via phone with specific information identifying the originating email address for message recovery.

1.11 Inquiries, Clarifications, and Exceptions

Proposers are to raise any questions they have about the RFP document without delay. Direct all questions, *in writing*, to the Purchasing Services administrator listed in Section 1.10.

Proposers finding any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in this RFP document shall immediately notify the Buyer and request clarification. In the event that it is necessary to provide additional clarification or revision to the RFP, the City will post addenda – see 1.12 below. Proposers are strongly encouraged to check for addenda regularly.

Proposals should be as responsive as possible to the provisions stated herein. A prospective vendor may take “exception” to bid terms, conditions, specifications and dates stated within the bid package. However, the City of Madison reserves the right to disqualify any and all bids submitted which include exceptions, if deemed not in the City’s best interests.

1.12 Addenda

In the event that it is necessary to provide additional clarification or revision to the RFP, the City will post addenda to its Proposals distribution websites – see 1.13 below. It is the Proposers responsibility to regularly monitor the websites for any such postings. Proposers must acknowledge the receipt of any addenda on Form B. Failure to retrieve addenda and include their provisions may result in disqualification.

1.13 Bid Distribution Networks

The City of Madison posts all Request for Proposals, addenda, tabulations, awards and related announcements on two distribution networks – VendorNet and DemandStar. The aforementioned documents are available **exclusively** from these websites. It is the Proposers responsibility to regularly monitor the bid distribution network for any such postings. Proposer's failure to retrieve such addenda and incorporate their appropriate provisions in their response may result in disqualification. Both sites offer free registration to City Proposers.

State of Wisconsin VendorNet System:	State of Wisconsin and local agencies bid network. Registration is free. http://vendornet.state.wi.us/vendornet
DemandStar by Onvia:	National bid network – Free subscription is available to access Proposals from the City of Madison and other Wisconsin agencies, participating in the Wisconsin Association of Public Purchasers (WAPP). A fee is required if subscribing to multiple agencies that are not included in WAPP.
Bid Opportunities:	www.cityofmadison.com/finance/purchasing/bidDemandStar.cfm
Home Page:	www.demandstar.com
To Register:	www.onvia.com/WAPP

1.14 Local Vendor Preference

The City of Madison has adopted a local preference purchasing policy granting a scoring preference to local suppliers. Only suppliers registered as of the bid's due date will receive preference. Learn more and register at the City of Madison website: www.cityofmadison.com/business/localPurchasing.

1.15 Oral Presentations/Site Visits/Meetings

Proposers may be asked to attend meetings, make oral presentations, inspect City locations or make their facilities available for a site inspection as part of this RFP process. Such presentations, meetings or site visits will be at the Proposers expense.

1.16 Acceptance/Rejection of Proposals

The City reserves the right to accept or reject any or all proposals submitted, in whole or in part, and to waive any informalities or technicalities, which at the City's discretion is determined to be in the best interests of the City. Further, the City makes no representations that a contract will be awarded to any proposer responding to this request. The City expressly reserves the right to reject any and all proposals responding to this invitation without indicating any reasons for such rejection(s).

The City reserves the right to postpone due dates and openings for its own convenience and to withdraw this solicitation at any time without prior notice.

1.17 Withdrawal or Revision of Proposals

Proposers may, without prejudice, withdraw Proposals submitted prior to the date and time specified for receipt of Proposals by requesting such withdrawal before the due time and date of the submission of Proposals. After the due date of submission of Proposals, no Proposals may be withdrawn for a period of 90 days or as otherwise specified or provided by law. Proposers may modify their Proposals at any time prior to opening of Proposals.

1.18 Non-Material and Material Variances

The City reserves the right to waive or permit cure of nonmaterial variances in the offer if, in the judgment of the City, it is in the City's best interest to do so. The determination of materiality is in the sole discretion of the City.

1.19 Public Records

Proposers are hereby notified that all information submitted in response to this RFP may be made available for public inspection according to the Public Records Law of the State of Wisconsin or other applicable public record laws. Information qualifying as a "trade secret"—defined in State of Wisconsin Statutes—may be held confidential.

Proposers shall seal separately and clearly identify all information they deem to be "trade secrets," as defined in the State of Wisconsin Statutes. Do not duplicate or co-mingle information, deemed confidential and sealed, elsewhere in your response.

S. 19.36(5)

(5) TRADE SECRETS. An authority may withhold access to any record or portion of a record containing information qualifying as a trade secret as defined in s. 134.90(1)(c).

s. 134.90(1)(c)

(c) "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique or process to which all of the following apply:

1. The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.
2. The information is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

The City cannot ensure that information will not be subject to release if a request is made under applicable public records laws. The City cannot consider the following confidential: a bid in its entirety, price bid information, or the entire contents of any resulting contract. The City will not provide advance notice to Proposers prior to release of any requested record.

To the extent permitted by such laws, it is the intention of the City to withhold the contents of Proposals from public view—until such times as competitive or bargaining reasons no longer require non-disclosure, in the City's opinion. At that time, all Proposals will be available for review in accordance with such laws.

1.20 Usage Reports

Annually, the successful Proposers shall furnish to City Purchasing usage reports summarizing the ordering history for each department served during the previous contract year. The report, at a minimum, must include each and every item or service ordered during the period, its total quantities and dollars by item/service and in total. The City reserves the right to request usage reports at any time and request additional information, if required, when reviewing contract activity.

1.21 Partial Award

Unless otherwise noted, it will be assumed that Proposers will accept an order for all or part of the items/services priced.

1.22 Tax Exempt

The City of Madison as a municipality is exempt from payment of federal excise taxes (Registration Number 39-73-0411-K) and State of Wisconsin taxes per Wisconsin statute 77.54(9a). Federal Tax ID #39-6005507. A completed Wisconsin Department of Revenue Form S-211 (R.2-00) can be found on the City's website. Our tax-exempt number is ES 42916.

1.23 Cooperative Purchasing

Bidders may choose to extend prices offered on bids to other municipalities. Under Wisconsin Statutes, a municipality is defined as a county; city; village; town; school district; board of school directors; sewer district; drainage district; vocational, technical and adult education district; or any other public or quasi-public corporation, officer, board or other body having the authority to award public contracts. This is known as "cooperative" or "piggyback" purchasing, a practice common amongst units of government. The City is not responsible for any contract resulting from a cooperative purchase using this RFB as a basis; they are made solely between the bidders and third party unit of government.

1.24 Proposers Responsibility

Proposers shall examine this RFP and shall exercise their judgment as to the nature and scope of the work required. No plea of ignorance concerning conditions or difficulties that exist or may hereafter arise in the execution of the work under the resulting contract, as a consequence of failure to make necessary examinations and investigations, shall be accepted as an excuse for any failure or omission on the part of the Proposers to fulfill the requirements of the resulting contract.

1.25 Questions

Please take care only to ask questions that have not been thoroughly addressed within the RFP and limit them to one page double spaced.

2 DESCRIPTION OF SERVICES/COMMODITIES

2.1 Background

The City of Madison is seeking a qualified firm to conduct professional auditing services (“Auditor”) in accordance with the provisions contained in this RFP.

2.2 City of Madison Demographics and Environment

The City of Madison, with a population of approximately 252,000, is the second largest city in Wisconsin. Located approximately 150 miles northwest of Chicago and 75 miles west of Milwaukee it is the state capital of Wisconsin and county seat of Dane County. Incorporated in 1846, Madison has since grown to encompass just over 79 square miles of land.

Including hourly positions and overtime the City has a total payroll of approximately \$208 million annually. The 2018 payroll covered approximately 2,926 budgeted full-time equivalent employees.

The City provides services to its citizens in many areas such as; law enforcement, fire control, emergency medical services, water, and sewer, library services, mass transit, various park sites and recreational services, community development, housing, municipal golf courses, parking, street construction and maintenance.

For the fiscal year ended December 31, 2018 the City’s total net position was over \$1.4 billion and program revenues were nearly \$257 million with total general revenues of about \$318 million.

The accounting and financial reporting functions of the City are generally centralized, except for the Water and Transit Utilities.

The Water Utility charges rates and operates under rules authorized by the Public Service Commission of Wisconsin. The City maintains accounting records in accordance with the Uniform System of Accounts prescribed by the PSCW.

Additional information about the City of Madison and its finances including the Comprehensive Annual Financial Report and the 2019 Adopted Budgets are available for review in the Finance Department, Room 406, 210 Martin Luther King Jr., Blvd., Madison, WI 53703 or visit the City’s website at www.cityofmadison.com.

2.3 Scope of Services

Auditor shall express an opinion on the fair presentation of the City’s basic financial statements in conformity with generally accepted accounting principles in the United States.

Auditor shall also express an opinion on the fair presentation of the City’s combining and individual fund financial statements and supporting schedules, in conformity with generally accepted accounting principles. Auditor is not required to audit supporting schedules. However, Auditor shall provide an “in-relation-to” opinion on the supporting schedules, based on the auditing procedures applied during the audit of the; basic financial statements, the combining and individual fund financial statements, and supporting schedules.

Auditor is not required to audit statistical information but is responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board, as mandated by generally accepted auditing standards.

The Community Development Authority (CDA) and the Business District (BID) are included within the scope of this RFP. However, auditing of the CDA's component units is not in the scope of this RFP. CDA component units and certain other CDA funds (Monona Shores, and CDA 95-1 2020 including Villager in 2021), are audited under a separate engagement that is contracted for separately. The reports of the component units are included in the issuance of the CDA's Financial Statements. The reports are generally available from the component unit's auditors in late April of each year. See the City's website to review the CDA Audited Financial Statements.

The remaining component units (i.e. Olbrich Botanical Society, Olbrich Botanical Society Foundation, Madison Public Library Foundation and Parks Foundation) contract for their own independent external audits, which are not in the scope of this RFP. The reports of the component units are included in the issuance of the City's Comprehensive Annual Financial Report (CAFR). The reports are available from the component unit's auditors in late April of each year.

The Board of Public Health of the City of Madison and Dane County (BOHMDC) is included as part of this RFP. BOHMDC is accounted for as a joint venture whereby the City is currently the fiscal agent. The joint venture is a separate legal entity, created by an intergovernmental agreement between the City of Madison and Dane County. Both the City and Dane County have an ongoing financial responsibility for the BOHMDC by providing tax levy contributions for support. The joint venture agreement does not provide for an equity interest to the City or Dane County. The joint venture will have a separate audit that is within the scope of this RFP.

Tax Incremental Financing District (T.I.F.) audits are included in the scope of this RFP. Auditor shall audit every open Tax Incremental Finance ("TIF") District each year, unless notified otherwise by the City. The City makes the ultimate determination as to which districts the auditor shall perform work for and may delay issuance of a TIF Financial Statement if a district is closing or closure is anticipated in the subsequent year, in order to avoid issuing multiple statements within a twelve-month period.

2.4 Applicable Auditing Standards

In order to meet the requirements of this RFP, Auditor shall perform the City's audits in accordance with generally accepted auditing standards as set forth by the:

- o American Institute of Certified Public Accountants (AICPA)
- o Standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards (1988)
- o Provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments
- o Federal Single Audit Act
- o State Single Audit Guidelines issued by the Wisconsin Department of Administration
- o Wisconsin Administrative Rule-Tax 16
- o Public Service Commission of Wisconsin (PCSW).

Generally accepted auditing standards, set forth by the above, are amended periodically or totally revised by their respective state or federal agency. Auditor shall perform the City's audits in accordance with any and all applicable amendments and or revisions occurring before or during the term of the contract and extension, at no additional cost.

Furthermore, the auditor shall perform the audit in accordance with any and all other applicable federal, state, and local regulations or professional guidance not specifically listed above, that are applicable to the City, whether currently in effect or adopted before or during the term of the contract and extensions, at no additional cost.

2.5 Reports Issued

For the most part, Auditor's reporting responsibilities are inherent in the auditing standards.

The following reports, to be issued, are representative of the auditing standards. This list, however, is not exhaustive, and additional reports may be required.

- Independent auditors' report.
- Report on internal control including memorandum on accounting procedures, internal controls and other matters.
- Report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with government audit standards.
- Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Guidelines.
- A report on the State Financial Report Form C, as required by Wisconsin Administrative Rule-Tax 16.
- Other required disclosures required by relevant Rules of the Auditor General.

In addition to an opinion on the City's basic financial statements, opinions are necessary for the following individual fund statements in order to support borrowings and federal requirements; Water Utility, Transit Utility, and Community Development Authority. Supplemental audit data includes the National Transit Database Report, as required by the Federal Transit Administration of the U.S. Department of Transportation, and financial summaries for Tax Incremental Finance (T.I.F.) districts.

In the required reports on internal controls, Auditor shall communicate any reportable conditions found during the audit. A reportable condition is defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions and other matters discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

Auditor is 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 City Finance Director and/or designee.

The City will prepare the fund financial statements, statement of cash flows, conversion entries supporting GASB 34 reconciliations for the entity-wide statements, related footnote disclosures, transmittal letter, MD&A, statistical information, and schedules of expenditures of federal and state awards as required.

Auditor will prepare the government-wide financial statements, related footnote disclosures, provide draft copies of the reports for City approval, bind and assemble the copies and provide PDFs of all statements for the City's website, as detailed in the City's RFP. (City staff is currently working to produce the CAFR using a third party software solution). It is the City's intent to be able to prepare the CAFR (or at least

near complete) for 2019, during 2020. If however, city staff are unable to complete the entire CAFR in time to meet the GFOA deadline for submission by 6/30/xx, it is expected the City's external auditors would assist City staff to conclude the work effort to ensure the CAFR is issued on time annually.

The City maintains documentation related to its internal controls, policies and procedures that would be available to the auditor to assist with documentation required by the risk assessment standards.

Past auditors have not given formal presentations to the Finance Committee or Common Council. Common Council Alders may contact the auditor, but will generally request that Finance Department staff make inquiries on their behalf.

Auditor shall present CDA financial statements to the CDA Board.

2.6 Special Considerations

The City submits a Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA) of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program by the submission deadline of June 30 annually.

The United States Department of Housing and Urban Development and the Wisconsin Department of Revenue will function as the federal and state cognizant agencies in accordance with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments. The Report on Federal and State Awards and related auditor's report, as well as the reports on the internal controls and compliance, are not included in the financial statements report, but are issued separately.

During the contract period, the City will prepare multiple official statements in connection with the sale of debt securities that will contain the basic financial statements and the auditor's report thereon. Auditor shall be required, if requested by the City, its financial advisor, its bond counsel and/or its underwriter to issue "consent and citation of expertise" as the auditor and any necessary "comfort letters".

2.7 Working Paper Retention and Access to Working Papers

Auditor must retain, at their own expense, all working papers and reports for a minimum of seven (7) years after completion of any work provided herein, unless Auditor is notified, in writing, by the City of the need to extend the retention period. City management and their representatives are entitled at any time during the contract period to inspect and reproduce such documents as deemed necessary. Auditor is required to make working papers available, upon request, to the following parties or their designees:

- City of Madison
- U.S. Department of Housing and Urban Development
- State of Wisconsin
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by the City of Madison as part of an audit quality review process.

In addition, auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance. Upon receiving requests to make working papers available or to make copies of working papers, auditor will be required to notify the City Finance Director and/or designee of the request.

2.8 Additional Services

During the contractual period, the City may engage auditor to perform additional auditing, accounting, and tax advisory services. Auditor shall upon receipt of written request from the City, perform such additional services. Such services, include, but are not limited to:

- Management advisory services
- Arbitrage calculations
- Extended audit services or special audits
- Tax treatment options for employee benefits

Auditor will document all additional work, by engagement memoranda approved by the City, in accordance with City procurement policies.

The City and auditor will negotiate the total compensation for additional services at the time of the engagement as an all-inclusive, not-to-exceed, fixed fee amount calculated in accordance with the quoted rates of the awarded contract. Furthermore, auditor is responsible for ensuring that any additional services provided will not impair the firm's independence as prescribed in the Government Auditing Standards.

Auditor shall notify City of changes to tax codes applicable to the City (e.g. State, Federal) and assist the City in determining proper tax treatment, when in question.

The City places importance on developing a relationship with our auditors, which enables City personnel to call members of the firm to obtain answers to informal questions on various topics (e.g., tax matters, changes in GAAP, GASB statements, proposed changes in policy and procedures, etc.). In addition, the City occasionally requires more formal types of management services.

2.9 Independence

Auditor shall provide a written notice of any professional relationships entered into during the contract term that may impair independence or constitute a conflict of interest.

2.10 Contact Persons

Auditor's principal contacts with the City of Madison will be David Schmiedicke, Finance Director, and Patricia A. McDermott, CPA, Accounting Manager, who will coordinate the assistance to be provided by the City of Madison.

2.11 Fund Structure

The City uses the following fund types and component units in its financial reporting:

Figure 2-1: Fund Types

Fund Type/Account Group	Number of Funds
General Fund	1
Special Revenue Funds	5
Debt Service Fund	1
Capital Project Funds	3
Enterprise Funds	7
Internal Service Funds	3
Permanent Funds	1

Fund Type/Account Group	Number of Funds
Fiduciary Funds	4
Components Units	6

The City currently has multiple discretely presented component units, which are reported in a separate column in the governmental-wide financial statements. The Madison Community Development Authority (CDA) has a separately issued report annually, which incorporates its multiple discretely presented component units (whose audits are not in the scope of this RFP).

Various fund types have sub-funds that are consolidated for financial statements purposes (i.e. TIFs, and the CDA).

2.12 Budgetary Basis of Accounting

The City prepares its budgets on a GAAP basis, except for expenditures. Total expenditures on a GAAP basis are adjusted for operating transfers and encumbrances.

2.13 Report on Federal and State Awards

Please refer to the City's website www.cityofmadison.com for the year ended December 31, 2018, for a listing of state and federal major and non-major financial assistance programs.

2.14 Pension Plans and Retiree Health Insurance Escrow

The City participates in the Wisconsin Retirement System, a cost-sharing defined benefit multiple-employer public employee retirement system.

The City will also pay health insurance premiums for commissioned members of the police and fire departments, who retire between the age of 50 and 55, until they reach age 55. The benefits are based on contractual agreements with employee groups and benefit policies.

The Transit Utility will pay the health insurance premiums for full-time employees in a position represented by Teamsters Local 695, who elect to retire on or after reaching age 55 and having completed ten (10) continuous years of full-time service with the Utility. On an annual basis, the City makes a deposit into escrow (VEBA) accounts, which it uses for contributions toward premiums. Interest earned, less an administrative fee paid to the City, is added annually. The contributions are financed on a pay-as-you-go basis. The City is GASB-68 & 75 compliant and implemented these pronouncements in 2016, and 2018 respectively.

2.15 Joint Ventures

The City participates in two joint ventures with other governments. The Wisconsin Municipal Mutual Insurance Company (WMMIC) is a mutual company operating solely within the property and liability insurance industry. WMMIC was organized to provide property and liability insurance and risk management services to participant municipalities. The aggregate annual maximum coverage per municipality is \$10,000,000. At December 31, 2018, 18 municipalities owned WMMIC. Responsibility for the operation and management of WMMIC is vested in its board of directors, which is comprised of various municipal officials. The City's share is approximately 16.0 percent.

The Transit Mutual Insurance Corporation of Wisconsin is a joint venture of Wisconsin municipalities that have joined together for the managing and funding of the first party property losses and third party liability claims of its member municipalities' mass transit funds. Management consists of a board of directors comprised of one representative for each member. The municipality does not exercise any control over

the activities of the agency beyond its representation on the board of directors. The City's share as of December 31, 2018 was 40.7 percent for auto liability.

2.16 Computer Systems

Information Technology (IT) is primarily an internal support agency providing services to all City agencies in the areas of; computer usage, software development, personal computer support, telephone, communications, records management, training, and general consulting. IT supports a wide variety of hardware and software, and a large wide area telecommunications network operating 24 hours a day, 7 days a week, which is connected to other networks at the county, state, and federal levels. In addition, IT facilitates the dissemination of City information to the public via both the Internet's World Wide Web and through the use of electronic mail.

The City is currently utilizing Tyler MUNIS, as its ERP software solution. Some of the primary applications are; General Ledger, Project Ledger, Payroll, Accounts Payable, Accounts Receivable, Capital Assets, Procurement, Human Resources, and Budget. The City is currently implementing Utility Billing and the Special Assessment modules within MUNIS. The City uses Sympro to account for debt and investments.

Other third party package software includes; Police Systems, Parking Tickets, Fire Systems, CDA Tenant Accounting, Tax Billing, Personal and Real Estate Property Assessment, Voter Registration, Building and Fire Inspections, Geographic Data Base, Property Data Base and Accela for some licenses/permits.

Community Development staff currently utilize a custom software package that is interfaced with Tyler MUNIS for agency service contracts.

2.17 Availability of Prior Audit Reports and Other Documents

Proposers wishing to review prior years' audit reports, management letters, budgets or official statements should visit the City's website at www.cityofmadison.com. Most financial information is available within the Finance Department. Departments collecting and handling cash:

- Building Inspection
- CDA-Housing
- Fire
- Library
- Metro Transit
- Monona Terrace
- Municipal Court
- Parking Utility
- Parks & Recreation
- Police Department
- Senior Center
- Streets
- Treasurer's Office
- Water Utility

2.18 Engagement Calendar of Events

The following is a list of key dates relating to the 2018 audit engagement. A similar time schedule will be developed for audits of future fiscal years.

Audit fieldwork generally begins in April. The Water, Transit, Sewer and Stormwater Utilities, Board of Public Health (BOPH), component units, and Single Audit are scheduled separately with audit fieldwork completed near the citywide audit. There are numerous audit teams on site at various times. The auditor generally determines the length of time on site.

Figure 2-2: Fieldwork Schedule

Engagement	Fieldwork Dates
Preliminary Work	December 2019
City Audit	April 6-10 and 13-17
CDA Audit	April 1 – 3
Transit Audit	April 1 – 3
Sewer and Storm Audit	April 13 – 15
Water Audit	April 6-8
Board of Public Health	April 20-22
Single Audit	April 22-24
TIF Audit	July, 2020

Figure 2-3: 2018 Master Schedule of Due Dates

Report	Due Date ¹
Audit Entries	April 17, 2020 at 4:00p.m.
Draft Transit System Financial Statements	May 20 at 4:00p.m.
Draft Sewer Financial Statements	May 20 at 4:00p.m.
Draft Storm Financial Statements	May 20 at 4:00p.m.
Draft Water Utility Financial Statements	May 20 at 4:00p.m.
Draft Report on Federal and State Awards	May 27 at 4:00p.m.
Draft – Comprehensive Annual Financial Report (CAFR)	May 27 at 4:00p.m.
Draft Public Health Madison and Dane County Financial Statements and Report on State and Federal Awards	May 27 at 4:00p.m.
Draft Community Development Authority Financial Statements	May 27 at 4:00p.m.
Final Comments on Comprehensive Annual Financial Report (CAFR) Schedules	June 17 at 4:00p.m.
Comprehensive Annual Financial Report (CAFR)	June 19 at noon
Report on Internal Control (City of Madison)	June 15 at noon
Community Development Authority Financial Statements	June 19 at 4:00p.m.
Community Development Authority Report on Internal Control	June 19 at 4:00p.m.
Transit System Financial Statements	June 19 at 4:00p.m.
Parkside Project Fund Financial Statements	June 19 at 4:00p.m.
Public Health Madison and Dane County Financial Statements and Report on State and Federal Awards	June 24 at 4:00p.m.
Public Health Madison and Dane County Report on Internal Control	June 24 at 4:00p.m.
Report on Federal and State Awards	June 24 at 4:00p.m.
Water Utility Financial Statements	June 19 at 4:00p.m.
Report on Supplemental Schedules Required by Tax 16	July 2 at 4:00p.m.
Tax Incremental Financial Statements ¹	July 30 at 4:00p.m.
Community Development Authority Real Estate Assessment Center (REAC)	July 30 at 4:00p.m.

¹- Final Tax Incremental Financial Statements for a closing or closed district are due 6 months subsequent to the latter of the close date or final expenditure.

City staff will complete their review of the draft report as expeditiously as possible. It is not expected that this process should exceed two weeks. During that period, auditor shall be available for any meetings that may be necessary to discuss the audit reports.

2.19 Finance Department

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations.

2.20 Work Area, Telephones, Photocopying and Fax Machines

The City will provide auditor with; reasonable workspace, desks, chairs, access to a telephone line, internet, photocopying facilities and a Fax machine.

2.21 Report Preparation

Auditor is responsible for:

- Report preparation, editing and printing of reports listed in Figure 2-4: Reports.
- Providing the City of Madison with electronic PDF's of all statements, reports, and letters.
- Submitting the A-133 reporting package and data collection form to Federal Audit Clearinghouse.
- Submitting required reports to each State of Wisconsin agency from which the City received funding, either as a state program or pass-through federal program.
- Furnishing the City with printed copies of reports as specified in Figure 2-4: Reports.
-

Figure 2-4: Reports

# Printed Copies	Report
5	CDA Financial Statements
5	CDA Communication to those Charged with Governance & Management
5	City of Madison Accounting and Procedural Points
5	City of Madison Communication to those Charged with Governance & Management
20	City of Madison Comprehensive Annual Financial Report
20	City of Madison Report on Federal and State Awards
5	City of Madison Report on the Supplemental Schedules Required by Tax 16
10	Transit System Financial Statements
5	Transit System Communication to those Charged with Governance & Management
5	National Transit Database Report
10	PHMDC Communication to those Charged with Governance and Management
10	PHMDC Financial Statements and Reports on Federal and State Awards
5*	Tax Incremental District
10	Water Utility Financial Statements

* Per district

3 REQUIRED INFORMATION AND CONTENT OF PROPOSALS

3.1 Proposal Organization and Format

Proposals shall be typed and submitted on securely bound 8.5 by 11 inch paper. Arrange your response by using tabs with the following headings, subheadings and content:

Tab 1 Table of Contents

The Table of Contents outlines in sequential order the major sections of your proposal.

Tab 2 Executive Summary and Required Forms

Incorporate an *Executive Summary* containing the following:

- A brief summary of your proposal.
- A high-level overview of your services and the distinguishing characteristics of your proposal.
- Limit the Executive Summary to one page.

Next, include the following required forms (blank forms are included in the RFP):

- Form A: Signature Affidavit - A company officer with authority to bind the Proposer to the City by contract shall sign this form, attesting the proposal has been submitted in conformance to stated requirements.
- Form B: Receipt of Forms and Submittal Checklist - Initial to confirm you have received and are submitting all required forms.
- Form C: Vendor Profile - Complete the information about your firm.

Tab 3 Description of Your Organization

Elaborate upon the brief description of your firm provided in the Executive Summary.

Limit your response to two pages. At a minimum, make sure to provide:

- A description of the services provided by your company.
- Your company's experience including the number of years in business.
- The number of employees working for your company and number involved in providing professional auditing services.
- Size of your firm.
- Size of your firm's governmental audit staff.
- Location of the office that will perform the work on this engagement.
- Any other pertinent information about your firm.

Tab 4 Independence

- Provide a statement affirming that your firm is independent of the City of Madison as defined by the U.S. General Accounting Office's Government Auditing Standards (1988).
- List and describe your professional relationships involving the City for the past five (5) years. Include a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audits. Limit your response to one page.

Tab 5 License to Practice in Wisconsin

Provide a statement affirming your firm and all assigned key professional-staff are properly licensed to practice in Wisconsin. Limit your response to one page.

Tab 6 Qualifications and Experience

Provide a description of relevant experience, especially in engagements of similar size and scope that are currently being serviced or took place within the last five years, for the same office that will serve the City. Describe briefly the nature of services provided to each organization listed. Include a clear statement of your firm's specific role in the engagement. Limit your response to five pages.

Identify specific audits, dates and results. Include the following information:

- The client name, type of municipality (e.g. city, town, utility, school district, etc.), address, telephone number, email and a contact person.
- A brief description of the audit services performed.
- The contract period and duration. If the engagement is on-going include the start date of service, % of contract completed-to-date and estimated completion date.
- Describe any extra services added after contract execution.

The City may utilize additional sources of information about your qualifications.

Tab 7 References

Provide five references from similar projects and clients. Limit your response to five pages. All of your references should be listed in the projects in Tab 6. Three of the five references must have earned the GFOA Certificate of Achievement for Excellence in Financial Reporting. For each reference provide:

- An in-depth description of services performed for the reference, if not already provided in Chapter 6.
- A hyperlink to each reference's most recent Comprehensive Annual Financial Report (CAFR).

Tab 8 Reviews

Submit a copy of your most recent external quality control review, with a statement on whether or not that quality control review included a review of specific government engagements.

Provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. Furthermore, provide information on the circumstances and status of any disciplinary action taken or pending against your firm during the past three (3) years with state regulatory bodies or professional organizations. Limit your response to three pages.

Tab 9 Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff you propose to assign to the engagement. Provide information on the government auditing experience of each staff member, 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 information regarding the number, qualifications, experience and training of the specific staff assigned to this engagement.

The City reserves the right to approve or reject replacements of the engagement partner, managers, or other supervisory staff. You may change other audit personnel at your own discretion provided that replacements have substantially the same or better qualifications or experience. Limit your response to three pages plus staff resumes.

Tab 10 Project Team

Describe briefly the structure, background, and experience of the project team to be working on the proposed scope of work. The team should demonstrate that their capabilities, experience, and qualifications are equal to or greater than the services included in this RFP.

Identify the key project team staff, and who will be the project manager. Include the members' qualifications, experience and training that will benefit the project. Additionally, describe examples of past projects where the team has successfully provided services similar to those requested in this RFP. The example projects should include references whenever possible. Limit your response to five pages.

Tab 11 Audit Approach

Provide an explanation of your audit methodology. In doing so, describe your proposed approach to:

1. Segmentation of the engagement.
2. The level of staffing. Detail the respective, number of staff hours on the engagement on Form F: Staff Hours and file under Chapter 10.
3. Meeting deadlines and remaining timely.
4. Gaining and documenting an understanding of the City's internal control structure.
5. Determining laws and regulations that are subject to audit test work.
6. The extent of use of EDP software in the engagement.
7. Type and extent of analytical procedures you will use in the engagement.
8. Drawing audit samples for purposes of tests of compliance.
9. Auditing distinct departments (e.g. CDA, Parks, Water Utility).
10. Sampling practices and the extent to which you will use statistical sampling in the engagement.
11. Prepare a brief, sequential schedule of tasks for audit services. The tasks shall align with the City's Fieldwork Schedule (Figure 2-2, page 19).
12. Prepare a schedule of events for upcoming GASB pronouncements that will be required, for the City, during the fiscal years proposed. The schedule should specifically address the impact of future GASB statement implementations on future engagements covered under this contract.
13. How you will assist city staff to prepare its first electronic CAFR and audit using CaseWare third party software.

Limit your response to 15 pages, not including Form F: Staff Hours.

Tab 12 Identification of Anticipated Audit Concerns

Identify in detail any anticipated potential audit concerns, your approach to resolving these concerns, and any special assistance required from the City. Limit your response to two pages.

Tab 13 Financial Resources

- Provide evidence of your financial stability and sufficient financial resources to complete a project of this scope.
- Are there any anticipated changes of ownership or control of your company?

Tab 14 Disclosure of Contract Failures and Litigation

- Disclose any alleged significant prior or ongoing contract failures, contract breaches, any civil or criminal litigation or investigation pending which involves your firm or in which your firm has been judged guilty or liable, or which may affect the performance of the services to be rendered herein, in which your firm, any of its employees, subcontractors, or sub consultants is or has been involved in within the last three (3) years.
- Indicate if your company has ever failed to complete any work awarded to it. If it has, please indicate the date, where and why.

Tab 15 Cost Proposal

Complete Form D: Cost Proposal. Include all pricing information relative to performing the audit engagement as described in this RFP. Seal the fee proposal separately from the rest of the written proposal and create a separate electronic file for submission. Under Tab 15 make reference to the separately sealed fee proposal.

Fees are quote as **all inclusive, not-to-exceed, fixed fees** for the 2020 (2019 CAFR), and future, engagements for audit services and for all subsequent GASB pronouncements and auditing standards.

As noted above, prepare the fee proposal as all inclusive, not-to-exceed, fixed fees:

- All Inclusive – Covers all direct and indirect necessary expenses including but not limited to; travel, telephone, copying and other out-of-pocket expenses. Include all fees associated with entrance, progress, exit and other meetings for audit services. If the City's work-papers are selected for review by any state or federal agency, the cost of that review shall be covered.
- Not To Exceed – The actual fees shall not exceed the amount specified in fee proposal.
- Fixed Fee – All prices, rates, fees and conditions outlined in the proposal shall remain fixed and valid for the entire length of the contract and any/all renewals.

Future Years

Include annual fees for years 2020 through 2022 (2019-2021 CAFRs). The years 2023 and 2024 are options the City may exercise at its choosing.

Personnel Rates

List your rates and hours by staff level (e.g. Partner, Specialist, Supervisory and Staff). Use of the format presented in Bid Form E is required.

Manner of Payment

The City will make progress payments 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 fee proposal. Interim billings shall cover a period of not less than a calendar month. All services billed under the proposal must be clearly itemized by fund type and individual fund. The City will reject and return invoices if not complete and itemized.

Cost Considerations

The City reserves the right to make an award without further discussion of the cost proposal submitted. Therefore, the Proposer should submit the fee proposal on the most favorable terms they can offer. However, this does not limit the City from negotiating with the selected Proposer.

The City may assess additional fees against Auditor, as reasonable compensation and to avoid the time, expense and uncertainties in pursuing an action for actual damages resulting from Auditor's failure to deliver certain reports by the due dates in the scope of services.

Final Contract Fee

A finalization of scope of services is expected as a part of final contract negotiation or through a Best and Final Offer (BFO) process. By this point the Proposer(s) remaining in the process will have met with the City and/or demonstrated their product giving them the opportunity to obtain a complete understanding of all requirements.

Tab 16 Assurances Regarding the Organization

Complete and file Form G under Tab 16.

- o Quality/Peer Review – Affirm your organization is a participant in an external quality/peer review program(s).

Disciplinary Action – Affirm that no disciplinary action has been taken against any proposed personnel or provide a complete and accurate account of all disciplinary action taken against proposed personnel.

Tab 17 Designation of Confidential & Proprietary Information

Proposers are hereby notified that all information submitted in response to this RFP may be made available for public inspection according to the Public Records Law of the State of Wisconsin or other applicable public record laws. Information qualifying as a “trade secret” – defined in State of Wisconsin Statutes – may be held confidential. Proposers shall seal, in Chapter Seventeen all information they deem to be “trade secrets,” as defined in the State of Wisconsin Statutes. Do not duplicate or co-mingle information contained in Chapter Seventeen elsewhere in your response. Make reference to Tab Seventeen when citing confidential information in other Tabs of your response. Refer to Section 1.15 for additional information on Public Records.



Form A: Signature Affidavit

RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

In signing Proposals, we certify that we have not, either directly or indirectly, entered into any agreement or participated in any collusion or otherwise take any action in restraint of free competition; that no attempt has been made to induce any other person or firm to submit or not to submit Proposals, that Proposals have been independently arrived at, without collusion with any other Proposers, competitor or potential competitor; that Proposals have not been knowingly disclosed prior to the opening of Proposals to any other Proposers or competitor; that the above statement is accurate under penalty of perjury.

The undersigned, submitting this Proposals, hereby agrees with all the terms, conditions, and specifications required by the City in this Request for Proposals, declares that the attached Proposals and pricing are in conformity therewith, and attests to the truthfulness of all submissions in response to this solicitation.

Proposers shall provide the information requested below. Include the legal name of the Proposers and signature of the person(s) legally authorized to bind the Proposers to a contract.

COMPANY NAME

SIGNATURE

DATE

PRINT NAME OF PERSON SIGNING



Form B: Receipt of Forms and Submittal Checklist

RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

Proposers hereby acknowledge the receipt and/or submittal of the following forms:

Forms	Initial to Acknowledge SUBMITTAL	Initial to Acknowledge RECEIPT
Description of Services/Commodities	N/A	
Form A: Signature Affidavit		
Form B: Receipt of Forms and Submittal Checklist		
Form C: Vendor Profile		
Form D: Cost Proposal		
Form E: References		
Form F: Staff Hours		
Form G: Assurances Regarding the Organization		
Appendix A: Standard Terms & Conditions	N/A	
Appendix B: Contract for Purchase of Services	N/A	
Addendum #		
Addendum #		
Addendum #		
Addendum #		

VENDOR NAME _____

COMPANY NAME _____



Form C: Vendor Profile

RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

COMPANY INFORMATION

COMPANY NAME (Make sure to use your complete, legal company name.)			
FEIN	(If FEIN is not applicable, SSN collected upon award)		
CONTACT NAME (Able to answer questions about proposal.)	TITLE		
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
ADDRESS	CITY	STATE	ZIP

AFFIRMATIVE ACTION CONTACT

The successful Contractor, who employs more than 15 employees and whose aggregate annual business with the City for the calendar year, in which the contract takes effect, is more than twenty-five thousand dollars (\$25,000), will be required to comply with the City of Madison Affirmative Action Ordinance, Section 39.02(9) within thirty (30) days of award of contract.

CONTACT NAME	TITLE		
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
ADDRESS	CITY	STATE	ZIP

ORDERS/BILLING CONTACT

Address where City purchase orders/contracts are to be mailed and person the department contacts concerning orders and billing.

CONTACT NAME	TITLE		
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
ADDRESS	CITY	STATE	ZIP

LOCAL VENDOR STATUS

The City of Madison has adopted a local preference purchasing policy granting a scoring preference to local suppliers. Only suppliers registered as of the bid's due date will receive preference. Learn more and register at the City of Madison website.

CHECK ONLY ONE:

- Yes**, we are a local vendor **and** have registered on the City of Madison website under the following category: _____ www.cityofmadison.com/business/localPurchasing
- No**, we are not a local vendor or have not registered.

Proposer's hourly rates for consulting (e.g. special projects) services (beyond the scope of services in this RFP).

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
	\$ /hr	\$ /hr	\$ /hr	\$ /hr	\$ /hr

Proposer's hourly rates for tax advisory services (beyond the scope of services in this RFP).

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
	\$ /hr	\$ /hr	\$ /hr	\$ /hr	\$ /hr

COMPANY NAME



Form E: References

RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

REFERENCE #1 – CLIENT INFORMATION			
COMPANY NAME	CONTACT NAME		
ADDRESS	CITY	STATE	ZIP
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
CONTRACT PERIOD	YEAR COMPLETED	TOTAL COST	
DESCRIPTION OF THE PERFORMED WORK			

REFERENCE #2 – CLIENT INFORMATION			
COMPANY NAME	CONTACT NAME		
ADDRESS	CITY	STATE	ZIP
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
CONTRACT PERIOD	YEAR COMPLETED	TOTAL COST	
DESCRIPTION OF THE PERFORMED WORK			

REFERENCE #3 – CLIENT INFORMATION			
COMPANY NAME	CONTACT NAME		
ADDRESS	CITY	STATE	ZIP
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
CONTRACT PERIOD	YEAR COMPLETED	TOTAL COST	
DESCRIPTION OF THE PERFORMED WORK			

REFERENCE #4 – CLIENT INFORMATION			
COMPANY NAME	CONTACT NAME		
ADDRESS	CITY	STATE	ZIP
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
CONTRACT PERIOD	YEAR COMPLETED	TOTAL COST	
DESCRIPTION OF THE PERFORMED WORK			

REFERENCE #5 – CLIENT INFORMATION			
COMPANY NAME	CONTACT NAME		
ADDRESS	CITY	STATE	ZIP
TELEPHONE NUMBER	FAX NUMBER		
EMAIL			
CONTRACT PERIOD	YEAR COMPLETED	TOTAL COST	
DESCRIPTION OF THE PERFORMED WORK			

Total Hours City of Madison	/hrs	/hrs	/hrs	/hrs	/hrs
------------------------------------	-------------	-------------	-------------	-------------	-------------

Proposer's hours to complete the **Metro Transit Utility** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Total Hours Metro Transit	/hrs	/hrs	/hrs	/hrs	/hrs

Proposer's hours to complete the **Water Utility** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Total Hours Water Utility	/hrs	/hrs	/hrs	/hrs	/hrs

Proposer's hours to complete the **CDA** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Total Hours CDA	/hrs	/hrs	/hrs	/hrs	/hrs

Proposer's hours to complete the **TIF Districts** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Total Hours TIF Districts	/hrs	/hrs	/hrs	/hrs	/hrs

Proposer's hours to complete the **Board of Public Health** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Total Hours BOPH	/hrs	/hrs	/hrs	/hrs	/hrs

Proposer's hours to complete the **Single Audit** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Total Hours Single Audit	/hrs	/hrs	/hrs	/hrs	/hrs

COMPANY NAME



Form G: Assurances Regarding the Organization

RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

Quality/Peer Review

Instructions: This form must be completed & returned with your bid response.

The Proposer hereby affirms that their organization is a participant in the following external quality/peer review program(s):

(Name of Program)

(Name of Program)

Indicate by placing an "X" in the boxes before the statements applicable to the organization.

The organization hereby affirms:

- The attached quality/peer review report is the audit firm's most current quality/peer review report issued. (Attach a copy of the report)
- The quality/peer review included a review of government engagements.
- The quality/peer review did not include a review of government engagements.
- The attached letter of comments (findings and recommendations) represents **ALL** such findings and recommendations received as a result of the organization's most recent quality/peer review.
- NO** letter of comments (findings and recommendations) was received as a result of the organization's most recent quality/peer review.
- The attached response(s) represents **ALL** responses made by the organization with respect to the organization's most recent quality/peer review.
- The audit firm has never received a quality/peer review.
- A quality/peer review of the firm is currently in process and the report has not yet been issued.
- That it expects to receive its first quality/peer review during _____.
(List month and year)

Indicate by placing an "X" on the box before the statement applicable to the Proposer's organization. The Proposer hereby affirms that:

- The American Institute of Certified Public Accountants, any state board or society of Certified Public Accountants, or any federal, state or local government authority has taken no disciplinary action against the Proposer's organization.
- The attached is a complete and accurate account of the nature and extent of all disciplinary action taken against the Proposer's organizations by the American Institute of Certified Public Accountants, any state board or society of Certified Public Accountants, and any federal, state, or, local governmental authority.

Disciplinary Action

Indicate by placing an "X" in the box before the statement applicable to the proposed personnel. The Proposer hereby affirms that:

- The American Institute of Certified Public Accountants, any state board or society of Certified Public Accountants, or any federal, state, or local governmental authority has taken no disciplinary action against any proposed personnel.
- The attached is a complete and accurate accountant of the nature and extent of all disciplinary action taken against any proposed personnel by the American Institute of Certified Public Accountants, any state board or society of Certified Public Accountants, and any federal, state or local governmental authority.



CITY OF MADISON

(STC-Form: 12/18/2018)

1. **General.** Throughout this document, "City of Madison," "City" and "Purchasing" shall be synonymous and mean the City of Madison. The words "bid" and "proposal" are synonymous, as are the words "bidder," "proposer" and "contractor." The phrases "request for proposal," "invitation for bids," "request," "invitation," and "solicitation" shall also be synonymous.
As applied to the winning or selected bidder, the words "bid," "proposal," and "contract" are synonymous.
 2. **Entire Agreement, Order of Precedence.** These standard terms and conditions shall apply to any Purchase Order issued as a result of this Request for Bid/Proposal, except where expressly stated otherwise in the RFP or in a written instrument covering this purchase signed by an authorized representative of the City and the Contractor, in a form approved by the City Attorney (a "Separate Contract"). If such a separate contract is executed it shall constitute the entire agreement and no other terms and conditions, whether oral or written, shall be effective or binding unless expressly agreed to in writing by the City.
If a Separate Contract is not executed, these Standard Terms and Conditions, the City's request for proposals, the version of the vendor's bid that was accepted by the City, and the City's Purchase Order (if any) shall constitute a contract and will be the entire agreement.
Order of Precedence: If there is a conflict between this Section A and any terms in the vendor's accepted bid or proposal, this Section A shall control unless the parties expressly agree to another order of precedence, in writing. If there is a conflict between this Section A and a Separate Contract, the terms and conditions of the Separate Contract shall control.
- I. TERMS FOR SUBMISSION OF BIDS: The following section applies to the bid/selection process only.**
3. This invitation for bids does not commit the City to award a contract, pay any costs incurred in preparation of bids, or to procure or contract for services or equipment. The City may require the bidder to participate in negotiation and to submit such additional price or technical or other revisions to his or her bids as may result from negotiation. The bidder shall be responsible for all costs incurred as part of his or her participation in the pre-award process.
The City reserves the right to accept or reject any or all bids submitted, in whole or in part, and to waive any informalities or technicalities which at the City's discretion are determined to be in the best interests of the City. Further, the City makes no representations that a contract will be awarded to any offeror responding to this request. The City expressly reserves the right to reject any and all bids responding to this invitation without indicating any reasons for such rejections(s).
The City reserves the right to postpone due dates and openings for its own convenience and to withdraw this solicitation at any time without prior notice.
 4. **Addenda.** Changes affecting the specifications will be made by addenda. Changes may include, or result in, a postponement in the bid due date. Bidders are required to complete the Bidder Response Sheet, acknowledging receipt of all parts of the bid, including all addenda.
 5. **Price Proposal.** All bidders are required to identify the proposed manufacturer and model, and to indicate the proposed delivery time on the attached Proposal Form. Failure to do so may cause the bid to be considered not responsive. If desired, the bidder may include product literature and specifications. The price quoted will remain firm throughout each contract period. Any price increase proposed shall be submitted sixty (60) calendar days prior to subsequent contract periods and shall be limited to fully documented cost increases to the bidder which are demonstrated to be industry-wide.
 6. **Price Inclusion.** The price quoted in any bid shall include all items of labor, materials, tools, equipment, and other costs necessary to fully complete the furnishing and delivery of equipment or services pursuant to the specifications attached thereof. Any items omitted from the specifications which are clearly necessary for the completion of the project shall be considered a portion of the specifications although not directly specified or called for in these specifications.
 7. **Pricing and Discount.**
 - a. Unit prices shown on the bid/proposal or contract shall be the price per unit of sale (e.g., gal., cs., doz., ea., etc.) as stated on the bid/proposal or contract. For any given item, the quantity multiplied by the unit price shall establish the extended price. If an apparent mistake exists in the extended price, the unit price shall govern in the bid/proposal evaluation and contract administration.
 - b. In determination of award, discounts for early payment will only be considered when all other conditions are equal. Early payment is defined as payment within fifteen (15) days providing the discount terms are deemed favorable. All payment terms must allow the option of Net 30.
 8. **F.O.B. Destination Freight Prepaid.** Bid prices must include all handling, transportation and insurance charges. Failure to bid FOB Destination Freight Prepaid may disqualify your bid.
 9. **Award.**
 - a. The City will have sole discretion as to the methodology used in making the award. Where none is specified, the award will be made to the lowest responsible bidder in compliance with the specifications and requirements of this solicitation.
 - b. The right is reserved to make a separate award of each item, group of items or all items, and to make an award in whole or in part, whichever is deemed in the best interest of the City.
 10. **Responsiveness and Responsibility.** Award will be made to the responsible and responsive bidder whose bid is most advantageous to the City with price and other factors considered. For the purposes of this project, responsiveness is defined as the bidder's conformance to the requirements of the solicitation. Being not responsive includes the failure to furnish information requested.
Responsibility is defined as the bidder's potential ability to perform successfully under the terms of the proposed contract. Briefly, a responsible bidder has adequate financial resources or the ability to obtain said resources; can comply with required delivery taking into

account other business commitments; has a satisfactory performance record; has a satisfactory record of integrity and business ethics; and has the necessary organization, experience and technical skills.

The City reserves the right to refuse to accept any bid from any person, firm or corporation that is in arrears or is in default to the City, or has failed to perform faithfully any previous contract with the City. If requested, the bidder must present within five (5) working days evidence satisfactory to the City of performance ability and possession of necessary facilities, financial resources, adequate insurance, and any other resources required to determine the bidder's ability to comply with the terms of this solicitation document.

11. Cancellation.

- a. The City reserves the right to cancel any contract in whole or in part without penalty due to non-appropriation of funds.
- b. In the event the Bidder shall default in any of the covenants, agreements, commitments, or conditions and any such default shall continue unremedied for a period of ten (10) days after written notice to the Bidder, the City may, at its option and in addition to all other rights and remedies which it may have, terminate the Agreement and all rights of the Bidder under the Agreement.
- c. Failure to maintain the required certificates of insurance, permits, licenses and bonds will be cause for contract termination. If the Bidder fails to maintain and keep in force the insurance, if required, the City shall have the right to cancel and terminate the contract without notice.

II. CONDITIONS OF PURCHASE: The following section applies to purchases/contracts after the award. See Paragraphs 1 & 2 for applicability and order of precedence.

12. Specifications.

- a. All bidders must be in compliance with all specifications and any drawings provided with this solicitation. Exceptions taken to these specifications must be noted on your bid.
- b. When specific manufacturer and model numbers are used, they are to establish a design, type, construction, quality, functional capability and/or performance level desired. When alternates are bid/proposed, they must be identified by manufacturer, stock number, and the bidder/proposer is responsible for providing sufficient information to establish equivalency. The City shall be the sole judge of equivalency. Bidders are cautioned to avoid bidding alternates which do not meet specifications, which may result in rejection of their bid/proposal.

13. Regulatory Compliance.

- a. Seller represents and warrants that the goods or services furnished hereunder, including all labels, packages, and container for said goods, comply with all applicable standards, rules and regulations in effect under the requirements of all Federal, State and local laws, rules and regulations as applicable, including the Occupational Safety and Health Act (OSHA), as amended, with respect to design, manufacture or use for their intended purpose of said goods or services. Seller shall furnish Material Safety Data Sheets (MSDS) whenever applicable.
- b. If it is determined by the City that such standards are not met, the seller agrees to bear all costs required to meet the minimum standards as stated above for the equipment/products furnished under this contract.

14. Warranty. Unless otherwise specifically stated by the bidder, products shall be warranted against defects by the bidder for ninety (90) days from the date of receipt. If bidder or manufacturer offers warranty that exceeds 90 days, such warranty shall prevail.

15. Ownership of Printing Materials. All artwork, camera-ready copy, negative, dies, photos and similar materials used to produce a printing job shall become the property of the City. Any furnished materials shall remain the property of the City. Failure to meet this requirement will disqualify your bid.

16. Item Return Policy. Bidder will be required to accept return of products ordered in error for up to twenty-one (21) calendar days from date of receipt, with the City paying only the return shipping costs. Indicate in detail on the Bidder Response Sheet, your return policy.

17. Payment Terms and Invoicing. The City will pay properly submitted vendor invoices within thirty (30) days of receipt, providing good and/or services have been delivered, installed (if required), and accepted as specified.

- a. Payment shall be considered timely if the payment is mailed, delivered, or transferred within thirty (30) days after receipt of a properly completed invoice, unless the vendor is notified in writing by the agency of a dispute before payment is due.
- b. Invoices presented for payment must be submitted in accordance with instructions contained on the purchase order, including reference to purchase order and submittal to the correct address for processing. Invoice payment processing address is shown on the upper middle section of the purchase order. Send invoices to Accounts Payable address on the purchase order. Do not send invoices to Purchasing or ship to address.
- c. Bidders, proposers shall include discounts for early payment as a percent reduction of invoice. Invoice discounts shall be determined where applicable, from the date of acceptance of goods and/or the receipt of invoice, whichever is later. Discounts for early payment terms stated on the bid/proposal must be shown plainly on the invoice; discounts for early payment not shown on the invoice will be taken.
- d. Invoices submitted not in accordance with these instructions will be removed from the payment process and returned within ten (10) days.

18. F.O.B. Destination Freight Prepaid. Unless otherwise agreed in writing, the vendor shall bear all handling, transportation and insurance charges. Title of goods shall pass upon acceptance of goods at the City's dock.

19. Tax Exemption. The City of Madison is exempt from the payment of Federal Excise Tax and State Sales Tax. **The City Tax Exempt number is ES 42916.** Any other sales tax, use tax, imposts, revenues, excise, or other taxes which are now, or which may hereafter be imposed by Congress, the State of Wisconsin, or any other political subdivision thereof and applicable to the sale of material delivered as a result of the bidder's bid and which, by terms of the tax law, may be passed directly to the City, will be paid by the City.

20. Affirmative Action.

A. The following language applies to all successful bidders employing fifteen (15) or more employees (MGO 39.02(9)(c):

The Contractor agrees that, within thirty (30) days after the effective date of this Contract, Contractor will provide to the City of Madison Department of Civil Rights (the "Department"), certain workforce utilization statistics, using a form provided by the City.

If the Contract is still in effect, or if the City enters into a new Agreement with the Contractor, within one year after the date on which the form was required to be provided, the Contractor will provide updated workforce information using a second form, also to be furnished by the City. The second form will be submitted to the Department no later than one year after the date on which the first form was required to be provided.

The Contractor further agrees that, for at least twelve (12) months after the effective date of this Contract, it will notify the Department of each of its job openings at facilities in Dane County for which applicants not already employees of the Contractor are to be considered. The notice will include a job description, classification, qualifications, and application procedures and deadlines, shall be provided to the City by the opening date of advertisement and with sufficient time for the City to notify candidates and make a timely referral. The Contractor agrees to interview and consider candidates referred by the Department, or an organization designated by the Department, if the candidate meets the minimum qualification standards established by the Contractor, and if the referral is timely. A referral is timely if it is received by the Contractor on or before the date stated in the notice.

The Department will determine if a contractor is exempt from the above requirements (Sec. 20.A.) at the time the Request for Exemption in 20.B.(2) is made.

B. Articles of Agreement, Request for Exemption, and Release of Payment:

The "ARTICLES OF AGREEMENT" beginning on the following page, apply to all contractors, unless determined to be exempt under the following table and procedures:

NUMBER OF EMPLOYEES	LESS THAN \$50,000 Aggregate Annual Business with the City*	\$50,000 OR MORE Aggregate Annual Business with the City*
14 or less	Exempt**	Exempt**
15 or more	Exempt**	Not Exempt

*As determined by the Finance Director

**As determined by the Department of Civil Rights

(1) Exempt Status: In this section, "Exempt" means the Contractor is exempt from the Articles of Agreement in section 20.B.(5) of this Contract and from filing an Affirmative Action plan as required by Section IV of the Articles of Agreement. The Department of Civil Rights ("Department") makes the final determination as to whether a contractor is exempt. If the Contractor is not exempt, sec. 20.B.(5) shall apply and Contractor shall select option A. or B. under Article IV therein and file an Affirmative Action Plan.

(2) Request for Exemption – Fewer Than 15 Employees: (MGO 39.02(9)(a)2.) Contractors who believe they are exempt based on number of employees shall submit a Request for Exemption on a form provided by the Department within thirty (30) days of the effective date of this Contract.

(3) Exemption – Annual Aggregate Business: (MGO 39.02(9)(a)c.): The Department will determine, at the time this Contract is presented for signature, if the Contractor is exempt because it will have less than \$50,000 in annual aggregate business with the City for the calendar year in which the contract is in effect. CONTRACTORS WITH 15 OR MORE EMPLOYEES WILL LOSE THIS EXEMPTION AND BECOME SUBJECT TO SEC. 20.B.(5) UPON REACHING \$50,000 OR MORE ANNUAL AGGREGATE BUSINESS WITH THE CITY WITHIN THE CALENDAR YEAR, BEGINNING IN 2019.

(4) Release of Payment: (MGO 39.02(9)(e)1.b.) All non-exempt contractors must have an approved Affirmative Action plan meeting the requirements of Article IV below on file with the Department within thirty (30) days of the effective date of this Contract and prior to release of payment by the City. Contractors that are exempt based on number of employees agree to file a Request for Exemption with the Department within thirty (30) days of the effective date and prior to release of payment by the City.

(5) Articles of Agreement:

ARTICLE I

The Contractor shall take affirmative action in accordance with the provisions of this Contract to insure that applicants are employed, and that employees are treated during employment without regard to race, religion, color, age, marital status, disability, sex, sexual orientation, gender identity or national origin and that the employer shall provide harassment-free work environment for the realization of the potential of each employee. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training including apprenticeship insofar as it is within the control of the Contractor. The Contractor agrees to post in conspicuous places available to employees and applicants notices to be provided by the City setting out the provisions of the nondiscrimination clauses in this Contract.

ARTICLE II

The Contractor shall in all solicitations or advertisements for employees placed by or on behalf of the Contractors state that all qualified or qualifiable applicants will be employed without regard to race, religion, color, age, marital status, disability, sex, sexual orientation, gender identity or national origin.

ARTICLE III

The Contractor shall send to each labor union or representative of workers with which it has a collective bargaining Agreement or other Contract or understanding a notice to be provided by the City advising the labor union or workers representative of the Contractor's equal employment opportunity and affirmative action commitments. Such notices shall be posted in conspicuous places available to employees and applicants for employment.

ARTICLE IV

(This Article applies to non-public works contracts.)

The Contractor agrees that it will comply with all provisions of the Affirmative Action Ordinance of the City of Madison (MGO 39.02) including the Contract compliance requirements. The Contractor warrants and certifies that one of the following paragraphs is true (check one):

- A. Contractor has prepared and has on file an affirmative action plan that meets the format requirements of Federal Revised Order No. 4, 41 CFR part 60-2, as established by 43 FR 51400 November 3, 1978, including appendices required by City of Madison ordinances or it has prepared and has on file a model affirmative action plan approved by the Madison Common Council.
- B. Within thirty (30) days after the effective date of this Contract, Contractor will complete an affirmative action plan that meets the format requirements of Federal Revised Order No. 4, 41 CFR Part 60-2, as established by 43 FR 51400, November 3, 1978, including appendices required by City of Madison ordinance or within thirty (30) days after the effective date of this Contract, it will complete a model affirmative action plan approved by the Madison Common Council.
- C. Contractor believes it is exempt from filing an affirmative action plan because it has fewer than fifteen (15) employees and has filed, or will file within thirty (30) days after the effective date of this Contract, a form required by the City to confirm exempt status based on number of employees. If the City determines that Contractor is not exempt, the Articles of Agreement will apply.
- D. Contractor believes it is exempt from filing an affirmative action plan because its annual aggregate business with the City for the calendar year in which the contract is in effect is less than fifty thousand dollars (\$50,000), or for another reason listed in MGO 39.02(9)(a)2. If the City determines that Contractor is not exempt, the Articles of Agreement will apply.

ARTICLE V

(This Article applies only to public works contracts.)

The Contractor agrees that it will comply with all provisions of the Affirmative Action Ordinance of the City of Madison, including the Contract compliance requirements. The Contractor agrees to submit the model affirmative action plan for public works Contractors in a form approved by the Director of Affirmative Action.

ARTICLE VI

The Contractor will maintain records as required by Section 39.02(9)(f) of the Madison General Ordinances and will provide the City's Department of Affirmative Action with access to such records and to persons who have relevant and necessary information, as provided in Section 39.02(9)(f). The City agrees to keep all such records confidential, except to the extent that public inspection is required by law.

ARTICLE VII

In the event of the Contractor's or subcontractor's failure to comply with the Equal Employment Opportunity and Affirmative Action provisions of this Contract or Sections 39.03 and 39.02 of the Madison General Ordinances, it is agreed that the City at its option may do any or all of the following:

- A. Cancel, terminate or suspend this Contract in whole or in part.
- B. Declare the Contractor ineligible for further City contracts until the Affirmative Action requirements are met.
- C. Recover on behalf of the City from the prime Contractor 0.5 percent of the Contract award price for each week that such party fails or refuses to comply, in the nature of liquidated damages, but not to exceed a total of five percent (5%) of the Contract price, or ten thousand dollars (\$10,000), whichever is less. Under public works contracts, if a subcontractor is in noncompliance, the City may recover liquidated damages from the prime Contractor in the manner described above. The preceding sentence shall not be construed to prohibit a prime Contractor from recovering the amount of such damage from the noncomplying subcontractor.

ARTICLE VIII

(This Article applies to public works contracts only.)

The Contractor shall include the above provisions of this Contract in every subcontract so that such provisions will be binding upon each subcontractor. The Contractor shall take such action with respect to any subcontractor as necessary to enforce such provisions, including sanctions provided for noncompliance.

ARTICLE IX

The Contractor shall allow the maximum feasible opportunity to small business enterprises to compete for any subcontracts entered into pursuant to this Contract. (In federally funded contracts the terms "DBE, MBE, and WBE" shall be substituted for the term "small business" in this Article.)

21. Non-Discrimination. In the performance of work under this Contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, marital status, age, color, sex, handicap, national origin or ancestry, income level or source of income, arrest record or conviction record, less than honorable discharge, physical appearance, sexual orientation, gender identity, political beliefs or student status. Contractor further agrees not to discriminate against any subcontractor or person who offers to subcontract on this Contract because of race, religion, color, age, disability, sex, sexual orientation, gender identity or national origin.

22. Prevailing Wage. Where applicable under federal law, the Contractor warrants that prevailing wages will be paid to all trades and occupations.
23. Indemnification. **The Contractor shall be liable to and hereby agrees to indemnify, defend and hold harmless the City of Madison, and its officers, officials, agents, and employees against all loss or expense (including liability costs and attorney's fees) by reason of any claim or suit, or of liability imposed by law upon the City or its officers, officials, agents or employees for damages because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons or on account of damages to property, including loss of use thereof, arising from, in connection with, caused by or resulting from the acts or omissions of Contractor and any of Contractor's subcontractors in the performance of this agreement, whether caused by or contributed to by the negligence of the City or its officers, officials, agents or employees.**
24. Insurance.
The Contractor will insure, and will require each subcontractor to insure, as indicated, against the following risks to the extent stated below. The Contractor shall not commence work under this Contract, nor shall the Contractor allow any Subcontractor to commence work on its Subcontract, until the insurance required below has been obtained and corresponding certificate(s) of insurance have been approved by the City Risk Manager.
- a. Commercial General Liability - The Contractor shall procure and maintain during the life of this contract, Commercial General Liability insurance including, but not limited to, products and completed operations, bodily injury, property damage, personal injury, and products and completed operations (unless determined to be inapplicable by the Risk Manager) in an amount not less than \$1,000,000 per occurrence. This policy shall also provide contractual liability in the same amount. Contractor's coverage shall be primary and list the City of Madison, its officers, officials, agents and employees as additional insureds. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain insurance meeting the above criteria, applying on a primary basis and listing the City of Madison, its officers, officials, agents and employees as additional insureds.
 - b. Automobile Liability - The Contractor shall procure and maintain during the life of this contract Business Automobile Liability insurance covering owned, non-owned and hired automobiles with limits of not less than \$1,000,000 combined single limit per accident. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain insurance covering each subcontractor and meeting the above criteria.
 - c. Worker's Compensation - The Contractor shall procure and maintain during the life of this contract statutory Workers' Compensation insurance as required by the State of Wisconsin. The Contractor shall also carry Employers Liability limits of at least \$100,000 Each Accident, \$100,000 Disease – Each Employee, and \$500,000 Disease – Policy Limit. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain such insurance, covering each subcontractor.
 - d. Professional Liability - The Contractor shall procure and maintain professional liability insurance with coverage of not less than \$1,000,000. If such policy is a "claims made" policy, all renewals thereof during the life of the contract shall include "prior acts coverage" covering at all times all claims made with respect to Contractor's work performed under the contract. This Professional Liability coverage must be kept in force for a period of six (6) years after the services have been accepted by the City.
 - e. Acceptability of Insurers - The above-required insurance is to be placed with insurers who have an A.M. Best rating of no less than A- (A minus) and a Financial Category rating of no less than VII.
 - f. Proof of Insurance, Approval. The Contractor shall provide the City with certificate(s) of insurance showing the type, amount, effective dates, and expiration dates of required policies prior to commencing work under this Contract. Contractor shall provide the certificate(s) to the City's representative upon execution of the Contract, or sooner, for approval by the City Risk Manager. If any of the policies required above expire while this Contract is in effect, Contractor shall provide renewal certificate(s) to the City for approval. Certificate Holder language should be listed as follows:
 City of Madison
 ATTN: Risk Management, Room 406
 210 Martin Luther King, Jr. Blvd.
 Madison, WI 53703
 The Contractor shall provide copies of additional insured endorsements or insurance policies, if requested by the City Risk Manager. The Contractor and/or Insurer shall give the City thirty (30) days advance written notice of cancellation, non-renewal or material changes to any of the above-required policies during the term of this Contract.
25. Work Site Damages. Any damage, including damage to finished surfaces, resulting from the performance of this contract shall be repaired to the Owner's satisfaction at the Contractor's expense.
26. Compliance.
- a. Regulations. The Contractor shall give all notices and comply with all laws, ordinances, rules, regulations and lawful orders of any public authority bearing on the performance of the work.
 - b. Licensing and Permits. The Contractor selected under this bid shall be required to demonstrate valid **possession of appropriate required licenses and will** keep them in effect for the term of this contract. The Contractor shall also be required, when appropriate, to obtain the necessary building permits prior to performing work on City facilities.
27. Warranty of Materials and Workmanship.
- a. The Contractor warrants that, unless otherwise specified, all materials and equipment incorporated in the work under the Contract shall be new, first class, and in accordance with the Contract Documents. The Contractor further warrants that all workmanship shall be first class and in accordance with the Contract Documents and shall be performed by persons qualified in their respective trades.
 - b. Work not conforming to these warranties shall be considered defective.
 - c. This warranty of materials and workmanship is separate and independent from and in addition to any other guarantees in this Contract.
28. Replacement of Defective Work or Materials. Any work or material found to be in any way defective or unsatisfactory shall be corrected or replaced by the Contractor at its own expense at the order of the City notwithstanding that it may have been previously overlooked or passed

by an inspector. Inspection shall not relieve the Contractor of its obligations to furnish materials and workmanship in accordance with this contract and its specifications.

29. Reservation of the Right to Inspect Work. At any time during normal business hours and as often as the City may deem necessary, the Contractor shall permit the authorized representatives of the City to review and inspect all materials and workmanship at any time during the duration of this contract, provided, however, the City is under no duty to make such inspections, and any inspection so made shall not relieve the Contractor from any obligation to furnish materials and workmanship strictly in accordance with the instructions, contract requirements and specifications.
30. Sweatfree Procurement of Items of Apparel. If this bid results in the procurement of \$5,000 or more in garments or items of clothing, any part of which is a textile, or any shoes/ footwear, then Sec. 4.25 of the Madison General Ordinances, "Procurement of Items of Apparel", is hereby incorporated by reference and made part of this contract. See Section 4.25(2) at www.municode.com for applicability specifics. The contractor shall follow labor practices consistent with international standards of human rights, meaning that, at a minimum, contractor shall adhere to the minimum employment standards found in Section 4.25 and shall require all subcontractors and third-party suppliers to do the same. For purposes of sec. 4.25, "Subcontractor" means a person, partnership, corporation or other entity that enters into a contract with the contractor for performance of some or all of the City-contracted work and includes all third-party suppliers or producers from whom the contractor or its contractors obtains or sources goods, parts or supplies for use on the city contract and is intended to include suppliers at all level of the supply chain. The standards in Sec. 4.25 shall apply in all aspects of the contractor's and subcontractor's operations, including but not limited to, manufacture, assembly, finishing, laundering or dry cleaning, (where applicable), warehouse distribution, and delivery. Contractor acknowledges that by entering into this contract, Contractor shall be subject to all of the requirements and sanctions of sec. 4.25 of the Madison General Ordinances.
- The sanctions for violating Sec. 4.25 under an existing contract are as follows:
- a. Withholding of payments under an existing contract.
 - b. Liquidated damages. The contractor may be charged liquidated damages on an existing contract of two thousand dollars (\$2,000) per violation, or an amount equaling twenty percent (20%) of the value of the apparel, garments or corresponding accessories, equipment, materials, or supplies that the City demonstrates were produced in violation of the contract and/or this ordinance per violation; whichever is greater.
 - c. Termination, suspension or cancellation of a contract in whole or in part.
 - d. Nonrenewal when a contract calls for optional renewals.
 - e. Nonrenewal for lack of progress or impossible compliance. The City reserves the right to refuse to renew the contract that calls for optional renewals, when the contractor cannot comply with the minimum standard under (4)(b) and the noncompliance is taking place in a country where:
 - (1) Progress toward implementation of the standards in this Ordinance is no longer being made; and
 - (2) Compliance with the employment standards in the Ordinance is deemed impossible by the City and/or any independent monitoring agency acting on behalf of the City. Such determination shall be made in the sole opinion of the City and may be based upon examination of reports from governmental, human rights, labor and business organizations and after consultation with the relevant contractors and sub-contractors and any other evidence the City deems reliable.
 - f. Disqualification of the contractor from bidding or submitting proposals on future City contracts, or from eligibility for future city procurements as defined in sub. (2), whether or not formal bidding or requests for proposals are used, for a period of one (1) year after the first violation is found and for a period of three (3) years after a second or subsequent violation is found. The disqualification shall apply to the contractor who committed the violation(s) whether that be under the same corporate name, or as an individual, or under the name of another corporation or business entity of which he or she is a member, partner, officer, or agent.

The exercise by the City of any or all of the above remedies, or failure to so exercise, shall not be construed to limit other remedies available to the City under this Contract nor to any other remedies available at equity or at law.
31. Local Purchasing. The City of Madison has adopted a local preference purchasing policy granting a 5 percent request for proposal and 1 percent request for bid scoring preference to local vendors.
- To facilitate the identification of local suppliers, the City has provided an on-line website as an opportunity for suppliers to voluntarily identify themselves as local, and to assist City staff with their buying decisions. Proposers seeking to obtain local preference are required to register on the City of Madison online registration website. Only vendors registered as of the bid due date will receive preference. Additional information is available at: www.cityofmadison.com/business/localPurchasing.
32. Weapons Prohibition. Contractor shall prohibit, and shall require its subcontractors to prohibit, its employees from carrying weapons, including concealed weapons, in the course of performance of work under this Contract, other than while at the Contractor's or subcontractor's own business premises. This requirement shall apply to vehicles used at any City work site and vehicles used to perform any work under this Contract, except vehicles that are an employee's "own motor vehicle" pursuant to Wis. Stat. sec. 175.60(15m). This section does not apply to employees who are required to carry a weapon under the express terms of the Contract (such as armed security guard services, etc.).
33. Software & Technology Purchases.
- a. Software Licenses. All software license agreements shall include the City's mandatory legal terms and conditions as determined by the City Attorney. Please be advised that no City employee has the authority to bind the City by clicking on an End User License Agreement (EULA) or any other click-through terms and conditions without being specifically authorized by the City's Chief Information Officer through procedures approved by the City Attorney and Risk Manager. All legal documents associated with the purchase or download of software must be reviewed by the City Attorney and may only be signed by an individual authorized to do so.
 - b. Network Connection Policy. If this purchase includes software support, software maintenance, network services, and/or system development services and will require a Network Connection the City Network (as defined in the following link), the City's Network Connection Policy found at this link: www.cityofmadison.com/attorney/documents/posNetworkConnection.doc is hereby incorporated and made a part of the Contract and Contractor agrees to comply with all of its requirements.

34. Ban the Box - Arrest and Criminal Background Checks.

This provision applies to service contracts of more than \$25,000 executed by the City on January 1, 2016 or later, unless exempt by Sec. 39.08 of the Madison General Ordinances (MGO).

a. Definitions. For purposes of this requirement, "Arrest and Conviction Record" includes, but is not limited to, information indicating that a person has been questioned, apprehended, taken into custody or detention, held for investigation, arrested, charged with, indicted or tried for any felony, misdemeanor or other offense pursuant to any law enforcement or military authority.

"Conviction record" includes, but is not limited to, information indicating that a person has been convicted of a felony, misdemeanor or other offense, placed on probation, fined, imprisoned or paroled pursuant to any law enforcement or military authority.

"Background Check" means the process of checking an applicant's arrest and conviction record, through any means.

b. Requirements. For the duration of any contract awarded under this RFP, the successful contractor shall:

- (1) Remove from all job application forms any questions, check boxes, or other inquiries regarding an applicant's arrest and conviction record, as defined herein.
- (2) Refrain from asking an applicant in any manner about their arrest or conviction record until after a conditional offer of employment is made to the applicant in question.
- (3) Refrain from conducting a formal or informal background check or making any other inquiry using any privately or publicly available means of obtaining the arrest or conviction record of an applicant until after a conditional offer of employment is made to the applicant in question.
- (4) Make information about this ordinance available to applicants and existing employees, and post notices in prominent locations at the workplace with information about the ordinance and complaint procedure, using language provided by the City.
- (5) Comply with all other provisions of Sec. 39.08, MGO.

c. Exemptions: This section does not apply when:

- (1) Hiring for a position where certain convictions or violations are a bar to employment in that position under applicable law, or
- (2) Hiring a position for which information about criminal or arrest record, or a background check is required by law to be performed at a time or in a manner that would otherwise be prohibited by this ordinance, including a licensed trade or profession where the licensing authority explicitly authorizes or requires the inquiry in question.

To be exempt under sec. C.1. or 2. above, contractor must demonstrate to the City that there is a law or regulation that requires the background check in question. If so, the contractor is exempt from this section for the position(s) in question.



INSTRUCTIONS FOR CONTRACTOR

DO NOT ATTACH TO CONTRACT

***Your contract MUST include the following information,
or it will not be signed by the City.***

- Check one box at top of Page 1 for the type of business entity.
- Sections 3 & 4 will be completed by the City and should be complete before you sign.
- Put a name in Sec. 7.A. – person responsible for administering the contract.
- Affirmative Action:** Check the appropriate box in Sec. 13.B., Article IV and complete the appropriate online form for the box you have checked:

All contractors:

Access the online forms for Affirmative Action compliance at this link: www.cityofmadison.com/civil-rights/contract-compliance/vendors-suppliers/forms. If you do not already have an approved, current Affirmative Action Plan on file with the City of Madison, read the “*Instructions for Completing City of Madison Affirmative Action Plan*” at the above link. This will direct you to register for an account. If you already have an account you may click on the link for “*Affirmative Action Plan for Vendors and Suppliers*” to proceed. If you have never filed a plan or request for exemption, you must create an account in our online system. If you are exempt under Article IV, Sections C or D you will still need to create an account and go through some steps to confirm your exemption. Register for an account here: <https://elam.cityofmadison.com/citizenaccess>.

Affirmative Action Questions? Contact Dept. of Civil Rights, Contract Compliance: (608) 266-4910.

- Complete Sec. 15 – Official Notices. This is the name/job title/address of the person at your organization to receive legal notices under the contract.
- Signature line. A person with authority to bind the organization should sign, date, and print name and job title where shown on the signature page. Contractor signs first, City signs last.
- Print, sign and return three (3) complete, signed hard copies to the address for the City in Sec. 15 (Notices) unless otherwise instructed. (Under some circumstances, the City will accept a signed, scanned PDF of the entire contract. Please ask if you want to use this method.)
 - Make sure all exhibits/attachments are labeled and attached after the signature page, unless otherwise instructed.
 - Double-sided is OK, but all attachments should begin on a new page.
 - City will sign last, and will send you one hard copy with original signatures unless otherwise agreed.
- Enclose CERTIFICATE OF INSURANCE (C.O.I.) showing proof of insurance required by Sec. 27.

Insurance Instructions:

Certificate Holder: City of Madison
 Attn: Risk Manager
 210 Martin Luther King Jr. Blvd. Room 406
 Madison, WI 53703

Proof of all insurance required in the contract must be shown. Use City's certificate at this link: www.cityofmadison.com/finance/documents/CertInsurance.pdf

Insurance delivery options: (a) enclose hard copy of certificate with hard copies of contract mailed to the address in Section 15 of the contract, or (b) email certificate to City Risk Manager Eric Veum at: eveum@cityofmadison.com and cc: your City contact person on the email. Call Eric Veum at (608) 266-5965 with insurance questions.

Failure to complete these steps will result in contract not being signed.

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SAMPLE

City of Madison CONTRACT FOR PURCHASE OF SERVICES

1. **PARTIES.**

This is a Contract between the City of Madison, Wisconsin, hereafter referred to as the "City" and _____ hereafter referred to as "Contractor."

The Contractor is a: Corporation Limited Liability Company General Partnership LLP
 (to be completed by contractor) Sole Proprietor Unincorporated Association Other: _____.

2. **PURPOSE.**

The purpose of this Contract is as set forth in Section 3.

3. **SCOPE OF SERVICES AND SCHEDULE OF PAYMENTS.**

Contractor will perform the following services and be paid according to the following schedule(s) or attachment(s):

List all attachments here by name, and attach and label them accordingly.

Order of Precedence: In the event of a conflict between the terms of this Contract for Purchase of Services and the terms of any document attached or incorporated herein, the terms of this Contract for Purchase of Services shall control and supersede any such conflicting term.

4. **TERM AND EFFECTIVE DATE.**

This Contract shall become effective upon execution by the Mayor, (or the Purchasing Agent, if authorized) on behalf of the City of Madison, unless another effective date is specified in the Attachment(s) incorporated in Section 3, however in no case shall work commence before execution by the City of Madison. The term of this Contract shall be insert dates or reference attachments as needed.

5. **ENTIRE AGREEMENT.**

This Contract for Purchase of Services, including any and all attachments, exhibits and other documents referenced in Section 3 (hereafter, "Agreement" or "Contract") is the entire Agreement of the parties and supersedes any and all oral contracts and negotiations between the parties. If any document referenced in Section 3 includes a statement that expressly or implicitly disclaims the applicability of this Contract for Purchase of Services, or a statement that such other document is the "entire agreement," such statement shall be deemed rejected and shall not apply to this Contract.

6. **ASSIGNABILITY/SUBCONTRACTING.**

Contractor shall not assign or subcontract any interest or obligation under this Contract without the City's prior written approval. All of the services required hereunder will be performed by Contractor and employees of Contractor.

7. **DESIGNATED REPRESENTATIVE.**

- A. Contractor designates _____ as Contract Agent with primary responsibility for the performance of this Contract. In case this Contract Agent is replaced by another for any reason, the Contractor will designate another Contract Agent within seven (7) calendar days of the time the first terminates his or her employment or responsibility using the procedure set forth in Section 15, Notices.
- B. In the event of the death, disability, removal or resignation of the person designated above as the Contract agent, the City may accept another person as the Contract agent or may terminate this Agreement under Section 25, at its option.

8. **PROSECUTION AND PROGRESS.**

- A. Services under this Agreement shall commence upon written order from the City to the Contractor, which order will constitute authorization to proceed; unless another date for commencement is specified elsewhere in this Contract including documents incorporated in Section 3.
- B. The Contractor shall complete the services under this Agreement within the time for completion specified in Section 3, the Scope of Services, including any amendments. The Contractor's services are completed when the City notifies the Contractor in writing that the services are complete and are acceptable. The time for completion shall not be extended because of any delay attributable to the Contractor, but it may be extended by the City in the event of a delay attributable to the City, or in the event of unavoidable delay caused by war, insurrection, natural disaster, or other unexpected event beyond the control of the Contractor. If at any time the Contractor believes that the time for completion of the work should be extended because of unavoidable delay caused by an unexpected event, or because of a delay attributable to the City, the Contractor shall notify the City as soon as possible, but not later than seven (7) calendar days after such an event. Such notice shall include any justification for an extension of time and shall identify the amount of time claimed to be necessary to complete the work.
- C. Services by the Contractor shall proceed continuously and expeditiously through completion of each phase of the work.
- D. Progress reports documenting the extent of completed services shall be prepared by the Contractor and submitted to the City with each invoice under Section 24 of this Agreement, and at such other times as the City may specify, unless another procedure is specified in Section 3.
- E. The Contractor shall notify the City in writing when the Contractor has determined that the services under this Agreement have been completed. When the City determines that the services are complete and are acceptable, the City will provide written notification to the Contractor, acknowledging formal acceptance of the completed services.

9. **AMENDMENT.**

This Contract shall be binding on the parties hereto, their respective heirs, devisees, and successors, and cannot be varied or waived by any oral representations or promise of any agent or other person of the parties hereto. Any other change in any provision

of this Contract may only be made by a written amendment, signed by the duly authorized agent or agents who executed this Contract.

10. **EXTRA SERVICES.**

The City may require the Contractor to perform extra services or decreased services, according to the procedure set forth in Section 24. Extra services or decreased services means services which are not different in kind or nature from the services called for in the Scope of Services, Section 3, but which may increase or decrease the quantity and kind of labor or materials or expense of performing the services. Extra services may not increase the total Contract price, as set forth in Section 23, unless the Contract is amended as provided in Section 9 above.

11. **NO WAIVER.**

No failure to exercise, and no delay in exercising, any right, power or remedy hereunder on the part of the City or Contractor shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No express waiver shall affect any event or default other than the event or default specified in such waiver, and any such waiver, to be effective, must be in writing and shall be operative only for the time and to the extent expressly provided by the City or Contractor therein. A waiver of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition.

12. **NON-DISCRIMINATION.**

In the performance of work under this Contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, marital status, age, color, sex, handicap, national origin or ancestry, income level or source of income, arrest record or conviction record, less than honorable discharge, physical appearance, sexual orientation, gender identity, political beliefs or student status. Contractor further agrees not to discriminate against any subcontractor or person who offers to subcontract on this Contract because of race, religion, color, age, disability, sex, sexual orientation, gender identity or national origin.

13. **AFFIRMATIVE ACTION.**

A. The following language applies to all contractors employing fifteen (15) or more employees (MGO 39.02(9)(c):

The Contractor agrees that, within thirty (30) days after the effective date of this Contract, Contractor will provide to the City of Madison Department of Civil Rights (the "Department"), certain workforce utilization statistics, using a form provided by the City.

If the Contract is still in effect, or if the City enters into a new Agreement with the Contractor, within one year after the date on which the form was required to be provided, the Contractor will provide updated workforce information using a second form, also to be furnished by the City. The second form will be submitted to the Department no later than one year after the date on which the first form was required to be provided.

The Contractor further agrees that, for at least twelve (12) months after the effective date of this Contract, it will notify the Department of each of its job openings at facilities in Dane County for which applicants not already employees of the Contractor are to be considered. The notice will include a job description, classification, qualifications, and application procedures and deadlines, shall be provided to the City by the opening date of advertisement and with sufficient time for the City to notify candidates and make a timely referral. The Contractor agrees to interview and consider candidates referred by the Department, or an organization designated by the Department, if the candidate meets the minimum qualification standards established by the Contractor, and if the referral is timely. A referral is timely if it is received by the Contractor on or before the date stated in the notice.

The Department will determine if a contractor is exempt from the above requirements (Sec. 13.A.) at the time the Request for Exemption in 13.B.(2) is made.

B. Articles of Agreement, Request for Exemption, and Release of Payment:

The "ARTICLES OF AGREEMENT" beginning on the following page, apply to all contractors, unless determined to be exempt under the following table and procedures:

NUMBER OF EMPLOYEES	LESS THAN \$50,000 Aggregate Annual Business with the City*	\$50,000 OR MORE Aggregate Annual Business with the City*
14 or less	Exempt**	Exempt**
15 or more	Exempt**	Not Exempt

*As determined by the Finance Director

**As determined by the Department of Civil Rights

(1) **Exempt Status:** In this section, "Exempt" means the Contractor is exempt from the Articles of Agreement in section 13.B.(5) of this Contract and from filing an Affirmative Action plan as required by Section IV of the Articles of Agreement. The Department of Civil Rights ("Department") makes the final determination as to whether a contractor is exempt. If the Contractor is not exempt, sec. 13.B.(5) shall apply and Contractor shall select option A. or B. under Article IV therein and file an Affirmative Action Plan.

(2) **Request for Exemption – Fewer Than 15 Employees:** (MGO 39.02(9)(a)2.) Contractors who believe they are exempt based on number of employees shall submit a Request for Exemption on a form provided by the Department within thirty (30) days of the effective date of this Contract.

(3) **Exemption – Annual Aggregate Business:** (MGO 39.02(9)(a)c.): The Department will determine, at the time this Contract is presented for signature, if the Contractor is exempt because it will have less than \$50,000 in annual aggregate business with the City for the calendar year in which the contract is in effect. CONTRACTORS WITH 15 OR MORE

EMPLOYEES WILL LOSE THIS EXEMPTION AND BECOME SUBJECT TO SEC. 13.B.(5) UPON REACHING \$50,000 OR MORE ANNUAL AGGREGATE BUSINESS WITH THE CITY WITHIN THE CALENDAR YEAR, BEGINNING IN 2019.

(4) Release of Payment: (MGO 39.02(9)(e)1.b.) All non-exempt contractors must have an approved Affirmative Action plan meeting the requirements of Article IV below on file with the Department within thirty (30) days of the effective date of this Contract and prior to release of payment by the City. Contractors that are exempt based on number of employees agree to file a Request for Exemption with the Department within thirty (30) days of the effective date and prior to release of payment by the City.

(5) Articles of Agreement:

ARTICLE I

The Contractor shall take affirmative action in accordance with the provisions of this Contract to insure that applicants are employed, and that employees are treated during employment without regard to race, religion, color, age, marital status, disability, sex, sexual orientation, gender identity or national origin and that the employer shall provide harassment-free work environment for the realization of the potential of each employee. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training including apprenticeship insofar as it is within the control of the Contractor. The Contractor agrees to post in conspicuous places available to employees and applicants notices to be provided by the City setting out the provisions of the nondiscrimination clauses in this Contract.

ARTICLE II

The Contractor shall in all solicitations or advertisements for employees placed by or on behalf of the Contractors state that all qualified or qualifiable applicants will be employed without regard to race, religion, color, age, marital status, disability, sex, sexual orientation, gender identity or national origin.

ARTICLE III

The Contractor shall send to each labor union or representative of workers with which it has a collective bargaining Agreement or other Contract or understanding a notice to be provided by the City advising the labor union or workers representative of the Contractor's equal employment opportunity and affirmative action commitments. Such notices shall be posted in conspicuous places available to employees and applicants for employment.

ARTICLE IV

(This Article applies to non-public works contracts.)

The Contractor agrees that it will comply with all provisions of the Affirmative Action Ordinance of the City of Madison (MGO 39.02) including the Contract compliance requirements. The Contractor warrants and certifies that one of the following paragraphs is true (**check one**):

- A. Contractor has prepared and has on file an affirmative action plan that meets the format requirements of Federal Revised Order No. 4, 41 CFR part 60-2, as established by 43 FR 51400 November 3, 1978, including appendices required by City of Madison ordinances or it has prepared and has on file a model affirmative action plan approved by the Madison Common Council.
- B. Within thirty (30) days after the effective date of this Contract, Contractor will complete an affirmative action plan that meets the format requirements of Federal Revised Order No. 4, 41 CFR Part 60-2, as established by 43 FR 51400, November 3, 1978, including appendices required by City of Madison ordinance or within thirty (30) days after the effective date of this Contract, it will complete a model affirmative action plan approved by the Madison Common Council.
- C. Contractor believes it is exempt from filing an affirmative action plan because it has fewer than fifteen (15) employees and has filed, or will file within thirty (30) days after the effective date of this Contract, a form required by the City to confirm exempt status based on number of employees. If the City determines that Contractor is not exempt, the Articles of Agreement will apply.
- D. Contractor believes it is exempt from filing an affirmative action plan because its annual aggregate business with the City for the calendar year in which the contract is in effect is less than fifty thousand dollars (\$50,000), or for another reason listed in MGO 39.02(9)(a)2. If the City determines that Contractor is not exempt, the Articles of Agreement will apply.

ARTICLE V

(This Article applies only to public works contracts.)

The Contractor agrees that it will comply with all provisions of the Affirmative Action Ordinance of the City of Madison, including the Contract compliance requirements. The Contractor agrees to submit the model affirmative action plan for public works Contractors in a form approved by the Director of Affirmative Action.

ARTICLE VI

The Contractor will maintain records as required by Section 39.02(9)(f) of the Madison General Ordinances and will provide the City's Department of Affirmative Action with access to such records and to persons who have relevant and necessary information, as provided in Section 39.02(9)(f). The City agrees to keep all such records confidential, except to the extent that public inspection is required by law.

ARTICLE VII

In the event of the Contractor's or subcontractor's failure to comply with the Equal Employment Opportunity and Affirmative Action provisions of this Contract or Sections 39.03 and 39.02 of the Madison General Ordinances, it is agreed that the City at its option may do any or all of the following:

- A. Cancel, terminate or suspend this Contract in whole or in part.
- B. Declare the Contractor ineligible for further City contracts until the Affirmative Action requirements are met.
- C. Recover on behalf of the City from the prime Contractor 0.5 percent of the Contract award price for each week that such party fails or refuses to comply, in the nature of liquidated damages, but not to exceed a total of five percent (5%) of the Contract price, or ten thousand dollars (\$10,000), whichever is less. Under public works contracts, if a subcontractor is in noncompliance, the City may recover liquidated damages from the prime Contractor in the manner described above. The preceding sentence shall not be construed to prohibit a prime Contractor from recovering the amount of such damage from the noncomplying subcontractor.

ARTICLE VIII

(This Article applies to public works contracts only.)

The Contractor shall include the above provisions of this Contract in every subcontract so that such provisions will be binding upon each subcontractor. The Contractor shall take such action with respect to any subcontractor as necessary to enforce such provisions, including sanctions provided for noncompliance.

ARTICLE IX

The Contractor shall allow the maximum feasible opportunity to small business enterprises to compete for any subcontracts entered into pursuant to this Contract. (In federally funded contracts the terms "DBE, MBE, and WBE" shall be substituted for the term "small business" in this Article.)

14. SEVERABILITY.

It is mutually agreed that in case any provision of this Contract is determined by any court of law to be unconstitutional, illegal or unenforceable, it is the intention of the parties that all other provisions of this Contract remain in full force and effect.

15. NOTICES.

All notices to be given under the terms of this Contract shall be in writing and signed by the person serving the notice and shall be sent registered or certified mail, return receipt requested, postage prepaid, or hand delivered to the addresses of the parties listed below:

FOR THE CITY:

(Department or Division Head)

FOR THE CONTRACTOR:

16. STATUS OF CONTRACTOR/INDEPENDENT/TAX FILING.

It is agreed that Contractor is an independent Contractor and not an employee of the City, and that any persons who the Contractor utilizes and provides for services under this Contract are employees of the Contractor and are not employees of the City of Madison.

Contractor shall provide its taxpayer identification number (or social security number) to the Finance Director, 210 Martin Luther King Jr. Blvd, Room 406, Madison, WI 53703, prior to payment. The Contractor is informed that as an independent Contractor, s/he may have a responsibility to make estimated tax returns, file tax returns, and pay income taxes and make social security payments on the amounts received under this Contract and that no amounts will be withheld from payments made to this Contractor for these purposes and that payment of taxes and making social security payments are solely the responsibility and obligation of the Contractor. The Contractor is further informed that s/he may be subject to civil and/or criminal penalties if s/he fails to properly report income and pay taxes and social security taxes on the amount received under this Contract.

17. GOODWILL.

Any and all goodwill arising out of this Contract inures solely to the benefit of the City; Contractor waives all claims to benefit of such goodwill.

18. THIRD PARTY RIGHTS.

This Contract is intended to be solely between the parties hereto. No part of this Contract shall be construed to add, supplement, amend, abridge or repeal existing rights, benefits or privileges of any third party or parties, including but not limited to employees of either of the parties.

19. AUDIT AND RETAINING OF DOCUMENTS.

The Contractor agrees to provide all reports requested by the City including, but not limited to, financial statements and reports, reports and accounting of services rendered, and any other reports or documents requested. Financial and service reports shall be provided according to a schedule (when applicable) to be included in this Contract. Any other reports or documents shall be provided within five (5) working days after the Contractor receives the City's written requests, unless the parties agree in writing on a longer period. Payroll records and any other documents relating to the performance of services under the terms of this Contract shall be retained by the Contractor for a period of three (3) years after completion of all work under this Contract, in order to be available for audit by the City or its designee.

20. CHOICE OF LAW AND FORUM SELECTION.

This Contract shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Wisconsin. The parties agree, for any claim or suit or other dispute relating to this Contract that cannot be mutually resolved, the venue shall be a court of competent jurisdiction within the State of Wisconsin and the parties agree to submit themselves to the jurisdiction of said court, to the exclusion of any other judicial district that may have jurisdiction over such a dispute according to any law.

21. COMPLIANCE WITH APPLICABLE LAWS.

The Contractor shall become familiar with, and shall at all times comply with and observe all federal, state, and local laws, ordinances, and regulations which in any manner affect the services or conduct of the Contractor and its agents and employees.

22. **CONFLICT OF INTEREST.**

- A. The Contractor warrants that it and its agents and employees have no public or private interest, and will not acquire directly or indirectly any such interest, which would conflict in any manner with the performance of the services under this Agreement.
- B. The Contractor shall not employ or Contract with any person currently employed by the City for any services included under the provisions of this Agreement.

23. **COMPENSATION.**

It is expressly understood and agreed that in no event will the total compensation under this Contract exceed \$_____.

24. **BASIS FOR PAYMENT.**A. **GENERAL.**

- (1) The City will pay the Contractor for the completed and accepted services rendered under this Contract on the basis and at the Contract price set forth in Section 23 of this Contract. The City will pay the Contractor for completed and approved "extra services", if any, if such "extra services" are authorized according to the procedure established in this section. The rate of payment for "extra services" shall be the rate established in this Contract. Such payment shall be full compensation for services rendered and for all labor, material, supplies, equipment and incidentals necessary to complete the services.
- (2) The Contractor shall submit invoices, on the form or format approved by the City and as may be further specified in Section 3 of this Contract. The City will pay the Contractor in accordance with the schedule, if any, set forth in Section 3. The final invoice, if applicable, shall be submitted to the City within three months of completion of services under this Agreement.
- (3) Should this Agreement contain more than one service, a separate invoice and a separate final statement shall be submitted for each individual service.
- (4) Payment shall not be construed as City acceptance of unsatisfactory or defective services or improper materials.
- (5) Final payment of any balance due the Contractor will be made upon acceptance by the City of the services under the Agreement and upon receipt by the City of documents required to be returned or to be furnished by the Contractor under this Agreement.
- (6) The City has the equitable right to set off against any sum due and payable to the Contractor under this Agreement, any amount the City determines the Contractor owes the City, whether arising under this Agreement or under any other Agreement or otherwise.
- (7) Compensation in excess of the total Contract price will not be allowed unless authorized by an amendment under Section 9, AMENDMENT.
- (8) The City will not compensate for unsatisfactory performance by the Contractor.

B. **SERVICE ORDERS, EXTRA SERVICE, OR DECREASED SERVICE.**

- (1) Written orders regarding the services, including extra services or decreased services, will be given by the City, using the procedure set forth in Section 15, NOTICES.
- (2) The City may, by written order, request extra services or decreased services, as defined in Section 10 of this Contract. Unless the Contractor believes the extra services entitle it to extra compensation or additional time, the Contractor shall proceed to furnish the necessary labor, materials, and professional services to complete the services within the time limits specified in the Scope of Services, Section 3 of this Agreement, including any amendments under Section 9 of this Agreement.
- (3) If in the Contractor's opinion the order for extra service would entitle it to extra compensation or extra time, or both, the Contractor shall not proceed to carry out the extra service, but shall notify the City, pursuant to Section 15 of this Agreement. The notification shall include the justification for the claim for extra compensation or extra time, or both, and the amount of additional fee or time requested.
- (4) The City shall review the Contractor's submittal and respond in writing, either authorizing the Contractor to perform the extra service, or refusing to authorize it. The Contractor shall not receive additional compensation or time unless the extra compensation is authorized by the City in writing.

25. **DEFAULT/TERMINATION.**

- A. In the event Contractor shall default in any of the covenants, agreements, commitments, or conditions herein contained, and any such default shall continue unremedied for a period of ten (10) days after written notice thereof to Contractor, the City may, at its option and in addition to all other rights and remedies which it may have at law or in equity against Contractor, including expressly the specific enforcement hereof, forthwith have the cumulative right to immediately terminate this Contract and all rights of Contractor under this Contract.
- B. Notwithstanding paragraph A., above, the City may in its sole discretion and without any reason terminate this Agreement at any time by furnishing the Contractor with ten (10) days' written notice of termination. In the event of termination under this subsection, the City will pay for all work completed by the Contractor and accepted by the City.

26. **INDEMNIFICATION.**

The Contractor shall be liable to and hereby agrees to indemnify, defend and hold harmless the City of Madison, and its officers, officials, agents, and employees against all loss or expense (including liability costs and attorney's fees) by reason of any claim or suit, or of liability imposed by law upon the City or its officers, officials, agents or employees for damages because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons or on account of damages to property, including loss of use thereof, arising from, in connection with, caused by or resulting from the Contractor's and/or Subcontractor's acts or omissions in the performance of this Agreement, whether caused by or contributed to by the negligence of the City, its officers, officials, agents, or its employees.

27. **INSURANCE.**

The Contractor will insure, and will require each subcontractor to insure, as indicated, against the following risks to the extent stated below. The Contractor shall not commence work under this Contract, nor shall the Contractor allow any Subcontractor to commence work on its Subcontract, until the insurance required below has been obtained and corresponding certificate(s) of insurance have been approved by the City Risk Manager.

Commercial General Liability

The Contractor shall procure and maintain during the life of this Contract, Commercial General Liability insurance including, but not limited to bodily injury, property damage, personal injury, and products and completed operations (unless determined to be inapplicable by the Risk Manager) in an amount not less than \$1,000,000 per occurrence. This policy shall also provide contractual liability in the same amount. Contractor's coverage shall be primary and list the City of Madison, its officers, officials, agents and employees as additional insureds. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain insurance meeting the above criteria, applying on a primary basis and listing the City of Madison, its officers, officials, agents and employees as additional insureds.

Automobile Liability

The Contractor shall procure and maintain during the life of this Contract Business Automobile Liability insurance covering owned, non-owned and hired automobiles with limits of not less than \$1,000,000 combined single limit per accident. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain insurance covering each subcontractor and meeting the above criteria.

Worker's Compensation

The Contractor shall procure and maintain during the life of this Contract statutory Workers' Compensation insurance as required by the State of Wisconsin. The Contractor shall also carry Employers Liability limits of at least \$100,000 Each Accident, \$100,000 Disease – Each Employee, and \$500,000 Disease – Policy Limit. Contractor shall require all subcontractors under this Contract (if any) to procure and maintain such insurance, covering each subcontractor.

Professional Liability

The Contractor shall procure and maintain professional liability insurance with coverage of not less than \$1,000,000. If such policy is a "claims made" policy, all renewals thereof during the life of the Contract shall include "prior acts coverage" covering at all times all claims made with respect to Contractor's work performed under the Contract. This Professional Liability coverage must be kept in force for a period of six (6) years after the services have been accepted by the City.

Acceptability of Insurers. The above-required insurance is to be placed with insurers who have an A.M. Best rating of no less than A- (A minus) and a Financial Category rating of no less than VII.

Proof of Insurance, Approval. The Contractor shall provide the City with certificate(s) of insurance showing the type, amount, effective dates, and expiration dates of required policies prior to commencing work under this Contract. Contractor shall provide the certificate(s) to the City's representative upon execution of the Contract, or sooner, for approval by the City Risk Manager. If any of the policies required above expire while this Contract is still in effect, Contractor shall provide renewal certificate(s) to the City for approval. Certificate Holder language should be listed as follows:

City of Madison
ATTN: Risk Management, Room 406
210 Martin Luther King, Jr. Blvd.
Madison, WI 53703

The Contractor shall provide copies of additional insured endorsements or insurance policies, if requested by the City Risk Manager. The Contractor and/or Insurer shall give the City thirty (30) days advance written notice of cancellation, non-renewal or material changes to any of the above-required policies during the term of this Contract.

28. **OWNERSHIP OF CONTRACT PRODUCT.**

All of the work product, including, but not limited to, documents, materials, files, reports, data, including magnetic tapes, disks of computer-aided designs or other electronically stored data or information (the "Documents"), which the Contractor prepares pursuant to the terms and conditions of this Contract are the sole property of the City. The Contractor will not publish any such materials or use them for any research or publication, other than as expressly required or permitted by this Contract, without the prior written permission of the City. The grant or denial of such permission shall be at the City's sole discretion.

The Contractor intends that the copyright to the Documents shall be owned by City, whether as author (as a Work Made For Hire), or by assignment from Contractor to City. The parties expressly agree that the Documents shall be considered a Work Made For Hire as defined by Title 17, United States Code, Section 101(2).

As further consideration for the City entering into this Contract, the Contractor hereby assigns to City all of the Contractor's rights, title, interest and ownership in the Documents, including the right to procure the copyright therein and the right to secure any renewals, reissues and extensions of any such copyright in any foreign country. The City shall be entitled to the sole and exclusive benefit of the Documents, including the copyright thereto, and whenever required by the City, the Contractor shall at no additional compensation, execute all documents of assignment of the full and exclusive benefit and copyright thereof to the City. Any subcontractors and other independent Contractors who prepare portions of the Documents shall be required by the Contractor to execute an assignment of ownership in favor of the City before commencing work.

29. **BAN THE BOX - ARREST AND CRIMINAL BACKGROUND CHECKS.** (Sec. 39.08, MGO. Applicable to contracts exceeding \$25,000.)

A. **DEFINITIONS.**

For purposes of this section, "Arrest and Conviction Record" includes, but is not limited to, information indicating that a person has been questioned, apprehended, taken into custody or detention, held for investigation, arrested, charged with, indicted or tried for any felony, misdemeanor or other offense pursuant to any law enforcement or military authority.

"Conviction record" includes, but is not limited to, information indicating that a person has been convicted of a felony, misdemeanor or other offense, placed on probation, fined, imprisoned or paroled pursuant to any law enforcement or military authority.

"Background Check" means the process of checking an applicant's arrest and conviction record, through any means.

B. **REQUIREMENTS.** For the duration of this Contract, the Contractor shall:

- (1) Remove from all job application forms any questions, check boxes, or other inquiries regarding an applicant's arrest and conviction record, as defined herein.
- (2) Refrain from asking an applicant in any manner about their arrest or conviction record until after conditional offer of employment is made to the applicant in question.
- (3) Refrain from conducting a formal or informal background check or making any other inquiry using any privately or publicly available means of obtaining the arrest or conviction record of an applicant until after a conditional offer of employment is made to the applicant in question.
- (4) Make information about this ordinance available to applicants and existing employees, and post notices in prominent locations at the workplace with information about the ordinance and complaint procedure using language provided by the City.
- (5) Comply with all other provisions of Sec. 39.08, MGO.

C. **EXEMPTIONS:** This section does not apply when:

- (1) Hiring for a position where certain convictions or violations are a bar to employment in that position under applicable law, or
- (2) Hiring a position for which information about criminal or arrest record, or a background check is required by law to be performed at a time or in a manner that would otherwise be prohibited by this ordinance, including a licensed trade or profession where the licensing authority explicitly authorizes or requires the inquiry in question.

To be exempt under sec. C.(1) or (2) above, Contractor must demonstrate to the City that there is a law or regulation that requires the hiring practice in question. If so, the contractor is exempt from this section for the position(s) in question.

30. **WEAPONS PROHIBITION.**

Contractor shall prohibit, and shall require its subcontractors to prohibit, its employees from carrying weapons, including concealed weapons, in the course of performance of work under this Contract, other than while at the Contractor's or subcontractor's own business premises. This requirement shall apply to vehicles used at any City work site and vehicles used to perform any work under this Contract, except vehicles that are an employee's "own motor vehicle" pursuant to Wis. Stat. sec. 175.60(15m).

31. **IT NETWORK CONNECTION POLICY.**

If this Contract includes services such as software support, software maintenance, network services, and/or system development services and will require a Network Connection the City Network (as defined in the following link), the City's Network Connection Policy found at this link: <http://www.cityofmadison.com/attorney/documents/posNetworkConnection.doc> is hereby incorporated and made a part of this Contract and Contractor agrees to comply with all of its requirements.

32. **AUTHORITY.**

Contractor represents that it has the authority to enter into this Contract. If the Contractor is not an individual, the person signing on behalf of the Contractor represents and warrants that he or she has been duly authorized to bind the Contractor and sign this Contract on the Contractor's behalf.

33. **COUNTERPARTS, ELECTRONIC DELIVERY.**

This Contract may be signed in counterparts, each of which shall be taken together as a whole to comprise a single document. Signatures on this Contract may be exchanged between the parties by facsimile, electronic scanned copy (.pdf) or similar technology and shall be as valid as original. Executed copies or counterparts of this Contract may be delivered by facsimile or email and upon receipt will be deemed original and binding upon the parties hereto, whether or not a hard copy is also delivered. Copies of this Contract, fully executed, shall be as valid as an original.

IN WITNESS WHEREOF, the parties hereto have set their hands at Madison, Wisconsin.

CONTRACTOR:

(Type or Print Name of Contracting Entity)

By: _____
(Signature)

(Print Name and Title of Person Signing)

Date: _____

**CITY OF MADISON, WISCONSIN
a municipal corporation:**

By: _____
Satya Rhodes-Conway, Mayor

Date: _____

Approved:

By: _____
David P. Schmiedicke, Finance Director

By: _____
Maribeth Witzel-Behl, City Clerk

Date: _____

Date: _____

Approved as to Form:

By: _____
Eric T. Veum, Risk Manager

By: _____
Michael P. May, City Attorney

Date: _____

Date: _____

For City Use Only: SIGNATURE INSTRUCTIONS FOR CONTRACTS SIGNED BY MAYOR/CLERK:

Obtain contractor's signature first. Route this contract & all of its attachments for City signatures using the City Clerk's Contract Routing Database. Include 1 copy of authorizing resolution & 1 copy of the Certificate of Insurance.

NOTE: Certain service contracts may be executed by the designee of the Finance Director on behalf of the City of Madison:

By: _____
Mary Richards, Procurement Supervisor

Date: _____

MGO 4.26(3) and (5) authorize the Finance Director or designee to sign purchase of service contracts when all of the following apply:

- (a) The funds are included in the approved City budget.
- (b) An RFP or competitive process was used, or the Contract is exempt from competitive bidding under 4.26(4)(a).
- (c) The City Attorney has approved the form of the Contract.
- (d) The Contract complies with other laws, resolutions and ordinances.
- (e) The Contract is for a period of 1 year or less, OR not more than 5 years AND the average cost is not more than \$100,000 per year, AND was subject to competitive bidding. (If over \$50,000 and exempt from bidding under 4.26(4)(a), regardless of duration of the Contract, the Common Council must authorize the Contract by resolution and the Mayor and City Clerk must sign, per 4.26(5)(b).)

Emergency Service contracts may also be signed by the designee of the Finance Director if the requirements of MGO 4.26(3)(c) are met.

For City Use Only: SIGNATURE INSTRUCTIONS FOR CONTRACT TO BE SIGNED BY FINANCE (PURCHASING):

Obtain contractor's signature first. Attach the contractor-signed contract with all attachments/exhibits and the certificate of insurance to the requisition in MUNIS.



City of Madison

Baker Tilly Virchow Krause, LLP
10 Terrace Court, Madison, WI 53718
RFP # 8835-0-2019-BO
Proposal for professional auditing services
Thursday, August 15, 2019 2:00 PM CST



Tab 1

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This document contains confidential material that is proprietary to Baker Tilly Virchow Krause, LLP, and other related entities (collectively referred to herein as Baker Tilly). The materials, ideas, and concepts contained herein are to be used exclusively to evaluate the capabilities of Baker Tilly. The confidential information and ideas herein may not be disclosed to anyone outside parties and may not be used for purposes other than the evaluation of Baker Tilly's capabilities.



Baker Tilly proposal for professional auditing services

Tab 2 Executive summary and required forms

Thank you for the opportunity to present our qualifications to the City of Madison (City). We feel privileged to have developed a successful collaboration with the City over the years. We are eager to continue our work as your auditor as you protect the valuable services you provide and create new ways to improve the quality of life in the community. As one of the leading providers of government auditing services, Baker Tilly Virchow Krause, LLP (Baker Tilly) remains well-positioned to deliver exceptional service, practical solutions, industry expertise and specialized technical knowledge as the City looks to the future. Key factors that differentiate us from other firms, include:

Deep commitment to the City of Madison – With more than 400 employees based in our Madison office, we are invested in the City’s success. This office has been serving governments for more than 85 years. The depth of resources in our Madison office allows us to serve the City with a team that is 100 percent local. Our employees are deeply committed to the local community volunteering at a variety of area organizations, including United Way of Dane County, Goodman Community Center, Wisconsin Books for the World, the Road Home of Dane County, Agrace Thrift Stores and Second Harvest Food Bank to name a few. On August 1, the firm launched the Baker Tilly Foundation to expand our charitable efforts. In addition, we are annually recognized as one of the “Best Places to Work” by *Madison Magazine*. The City is important to our firm, our public sector practice and the Madison engagement team.

Strong working relationships and service team continuity – Baker Tilly’s strong working relationships with the City—and our detailed knowledge of your operations—will result in an efficient, streamlined audit. With a turnover rate at 12% in our Madison office, you will be served by a familiar team.

Industry knowledge, experience and leadership – Baker Tilly has the technical expertise in all areas important to the City. We perform more than 500 Uniform Guidance single audits each year, ranking our firm number three nationally; we have a 52 percent market share of audits of the 40 largest municipalities in Wisconsin; we have more CAFR reviewers than any other firm in the country; we are a leading provider of auditing services to the Wisconsin transit industry; we work with many water utilities regulated by the Public Service Commission of Wisconsin; and we have extensive Wisconsin Tax Incremental Financing (TIF) experience. In addition, three of our public sector partners are involved at a national-level with the AICPA, allowing us to proactively communicate new industry standards and regulations, knowledge-based insights and industry best practices to the City.

An established record of Exceptional Client Service – The City is a priority-client to our firm and will continue to receive Exceptional Client Service. We will continue to collaborate with the City on important projects. As your auditor, we served as a resource during the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* as well as GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 77, *Tax Abatement Disclosures*. We were a sounding board for the City as you looked to make changes to the treasury function. In addition, we provided tax expertise when the need has arose. This year, the City will be utilizing CaseWare for the first time to assist in its financial reporting. Our firm has a long standing working relationship with CaseWare as we have used their software to conduct our audits for many years.

Now, for tomorrow – At Baker Tilly, new technologies are revolutionizing the way we serve our clients. We are investing heavily in innovative new systems, applications and devices — and the City, not Baker Tilly, is the true beneficiary of these investments. From robotics process automation and dynamic audit solutions to collaboration tools and assurance analytics, our digital journey enhances our ability to help the City quickly adapt to a complex and changing environment.

We hope this proposal conveys that Baker Tilly continues to be the firm best suited to serve the City. Each member of our team is committed to delivering exceptional quality and service; we will work hard to continue to be a Valued Advisor to the City to help you address your challenges, achieve your objectives and make solid contributions to your success.



Form A: Signature Affidavit

RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

In signing Proposals, we certify that we have not, either directly or indirectly, entered into any agreement or participated in any collusion or otherwise take any action in restraint of free competition; that no attempt has been made to induce any other person or firm to submit or not to submit Proposals, that Proposals have been independently arrived at, without collusion with any other Proposers, competitor or potential competitor; that Proposals have not been knowingly disclosed prior to the opening of Proposals to any other Proposers or competitor; that the above statement is accurate under penalty of perjury.

The undersigned, submitting this Proposals, hereby agrees with all the terms, conditions, and specifications required by the City in this Request for Proposals, declares that the attached Proposals and pricing are in conformity therewith, and attests to the truthfulness of all submissions in response to this solicitation.

Proposers shall provide the information requested below. Include the legal name of the Proposers and signature of the person(s) legally authorized to bind the Proposers to a contract.

Baker Tilly Virchow Krause, LLP

COMPANY NAME


SIGNATURE

August 14, 2019

DATE

Carla A. Gogin

PRINT NAME OF PERSON SIGNING



Form B: Receipt of Forms and Submittal Checklist

RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

Proposers hereby acknowledge the receipt and/or submittal of the following forms:

Forms	Initial to Acknowledge SUBMITTAL	Initial to Acknowledge RECEIPT
Description of Services/Commodities	N/A	Cag
Form A: Signature Affidavit	Cag	Cag
Form B: Receipt of Forms and Submittal Checklist	Cag	Cag
Form C: Vendor Profile	Cag	Cag
Form D: Cost Proposal	Cag	Cag
Form E: References	Cag	Cag
Form F: Staff Hours	Cag	Cag
Form G: Assurances Regarding the Organization	Cag	Cag
Appendix A: Standard Terms & Conditions	N/A	Cag
Appendix B: Contract for Purchase of Services	N/A	Cag
Addendum # 1 (dated July 26, 2019)		Cag
Addendum #		
Addendum #		
Addendum #		

Carla A. Gogin, Partner

VENDOR NAME

Baker Tilly Virchow Krause, LLP

COMPANY NAME



Form C: Vendor Profile

RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

COMPANY INFORMATION

COMPANY NAME (Make sure to use your complete, legal company name.) Baker Tilly Virchow Krause, LLP			
FEIN 39-0859910	(If FEIN is not applicable, SSN collected upon award)		
CONTACT NAME (Able to answer questions about proposal.) Carla Gogin	TITLE Partner		
TELEPHONE NUMBER 608 240 2460	FAX NUMBER 608 249 8532		
EMAIL carla.gogin@bakertilly.com			
ADDRESS 10 Terrace Court	CITY Madison	STATE WI	ZIP 53718

AFFIRMATIVE ACTION CONTACT

The successful Contractor, who employs more than 15 employees and whose aggregate annual business with the City for the calendar year, in which the contract takes effect, is more than twenty-five thousand dollars (\$25,000), will be required to comply with the City of Madison Affirmative Action Ordinance, Section 39.02(9) within thirty (30) days of award of contract.

CONTACT NAME Mary Goldy	TITLE Director, HR Operations		
TELEPHONE NUMBER 612 876 4519	FAX NUMBER 612 238 8900		
EMAIL mary.goldy@bakertilly.com			
ADDRESS 225 South 6th Street, Suite 2300	CITY Minneapolis	STATE MN	ZIP 55402

ORDERS/BILLING CONTACT

Address where City purchase orders/contracts are to be mailed and person the department contacts concerning orders and billing.

CONTACT NAME Carla Gogin	TITLE Partner		
TELEPHONE NUMBER 608 240 2460	FAX NUMBER 608 249 8532		
EMAIL carla.gogin@bakertilly.com			
ADDRESS 10 Terrace Court	CITY Madison	STATE WI	ZIP 53718

LOCAL VENDOR STATUS

The City of Madison has adopted a local preference purchasing policy granting a scoring preference to local suppliers. Only suppliers registered as of the bid's due date will receive preference. Learn more and register at the City of Madison website.

CHECK ONLY ONE:

- Yes**, we are a local vendor **and** have registered on the City of Madison website under the following category: _____ www.cityofmadison.com/business/localPurchasing
- No**, we are not a local vendor or have not registered.

Baker Tilly proposal for professional auditing services

Tab 3 Description of our organization

Services provided by our company – Baker Tilly is a full-service CPA advisory firm that brings extensive experience in the areas most important to the City. Our wide range of services include: financial audit, single audit, financial forecasting, internal audit, fraud and forensics, user fees, developer agreement negotiations, impact fees, economic development, enterprise resource planning, public sector recruiting, municipal advisory and more. Earlier this year, we expanded our public sector practice through a combination with two other firms, H.J. Umbaugh and Associates, Certified Public Accountants, LLP (Umbaugh) and Springsted Incorporated (Springsted). Through this combination we have doubled-down on serving governments with expanded service lines including municipal advisory as well as staffing and human capital services for public sector entities.

Distinct benefits to the City are our firm's Madison-based public sector practice group, relevant experience serving more than 1,000 government entities. Your team understands the state single audit requirements that are unique to Wisconsin. In addition, we have helped many governments achieve operational efficiencies and reduce costs while maintaining expected levels of service. Known within the industry for our specialization in service consolidation, regionalization and cooperative agreements, Baker Tilly stands ready to assist the City with these or other issues that impact your organization. Upon written request, we are fully qualified to provide additional services such as management advisory services, arbitrage calculations, extended audit services or special audits and tax matters affecting the City. Baker Tilly will ensure that any additional services provided will not impair the firm's independence as defined by *Government Auditing Standards*.

Company's experience including the number of years in business – Baker Tilly has served Wisconsin-based clients for more than 85 years. Throughout this time, our firm has consistently made investments in our local government practice. As a result, we serve more than 1,000 government clients nationally, and more than 400 government clients in Wisconsin. We are here for the long run to proactively serve the ever-changing needs of our clients.

Number of employees working for Baker Tilly – We employ more than 3,800 total staff members, including approximately 400 partners and 1,200 CPAs. More than 900 staff provide professional audit services. More than 400 employees are located in our Madison office.

Size of our firm – Baker Tilly is the largest accounting firm in Madison, and is a top 15 accounting and advisory firm in the United States (according to *Accounting Today*). Also noteworthy, our Madison office is consistently named one of the "Best Places to Work" year-to-year by *Madison Magazine*; and our firm ranks sixth – ahead of many larger firms – on Vault's Accounting 50 list based on culture, satisfaction, work/life balance, compensation and prestige within the accounting industry.

Size of Baker Tilly's governmental audit staff – Baker Tilly provides hundreds of thousands of hours, annually, to the public sector. Our public sector practice group comprises more than 420 professionals—including 40 partners and principals—dedicated entirely to serving governmental clients.

We serve more than 600 municipalities, more than 300 school districts, more than 100 counties, more than 400 colleges and universities, and nearly 600 utilities and transit entities. In addition, we serve more than half of the largest 40 municipalities in Wisconsin. This local government focus means we bring valuable insights and best practices to the City.

Office that will perform the work on this engagement – The City's audit will be managed from our Madison office, the headquarters of Baker Tilly's public sector practice group. Specifically, 7 partners, 1 partner emeritus, 3 directors, 3 senior managers, 5 managers, 9 senior accountants, 9 accountants, 1 senior consultant and 1 staff consultant are based in our Madison office and work full-time with state and local governments, including utilities. **We are the only local CPA firm that has a dedicated public sector group located in Madison. We will not require resources outside of our Madison office unless requested by the City.**

Baker Tilly proposal for professional auditing services

Other pertinent information about Baker Tilly

In-depth knowledge of the City's operations and strong relationships with your staff – A distinct advantage to you, this familiarity results in efficient, streamlined audits and minimal disruptions so your staff can concentrate on the City's initiatives.

Single audit experience – We currently perform more than 500 OMB Uniform Guidance audits each year, **ranking our firm number three, nationally, based on the number of such audits performed by CPAs**. Baker Tilly has been at the forefront of single audit issues in Wisconsin for many years. Baker Tilly began collaborating with the State of Wisconsin long before the Uniform Guidance became effective to promote a seamless transition for local governments and not-for-profits that receive pass-through funding from state agencies. We recognized the dilemma our clients were facing with the Uniform Guidance in general, as well as the often differing requirements when receiving federal funds directly from federal agencies or as a subrecipient of the state. In addition, we provided complementary services to the Wisconsin Department of Administration and Department of Health Services to help them implement necessary changes to the *Wisconsin State Single Audit Guidelines*.

Exceptional Client Service – We will continue to work hard to deliver Exceptional Client Service to the City. Please see page 16-17 for details. Regular communications, timely service, flexibility, solid management recommendations and listening are hallmarks of our client-focused approach and will contribute to the City's success as it faces challenges with strategic and innovative initiatives. We offer many free webinars on topics essential to local governments. See Tabs 6 and 7 for client testimonials.

CDA experience – Members of our audit team have significant experience with the public housing and community development authority (CDA) issues affecting the City. Please see page 46 for details. In addition, our experience with other public housing authorities (PHAs) and CDAs gives us ideas that may help the City with these vital operations.

Pro bono work – We recognize the fiscal challenges faced by the City and have contributed many *pro bono* hours over the years to assist with City initiatives. Examples include our assistance with GASB implementation issues; connecting the City with subject-matter specialists on tax issues and regulations (Section 457, 179D deduction, new federal tax reform law and commuting benefits), TIF issues related to tax reform and economic development; and providing feedback on your municipal treasury function. Routine phone calls and questions are included in our audit services. As you know, we encourage you to call us when questions arise. ***In fact over the last four years, we have invested approximately 45 hours annually providing this type of value-added consultation at no cost to the City.***

Utility experience – Within our public sector practice, we have a team that focuses almost exclusively on municipal utilities. They serve more than 100 utilities in Wisconsin alone, providing knowledge and best practices that will be incorporated in our work for the City's utilities. On pages 44-45, we detail Baker Tilly's extensive experience with water, storm water, sewer and transit utilities.

TIF experience – We have extensive Wisconsin TIF experience; we provide audit, compilation and consulting services for hundreds of TIF districts annually. We have a history with the Madison TIF districts which included working with the City to implement controls to ensure developer payments were appropriately accounted for and tracked. Please see page 46 for more detail on this experience.

A demonstrated commitment to the City of Madison – Our organization and our people are deeply dedicated to the City of Madison and surrounding communities. In the past five years, Madison office employees have donated more than \$1.4 million to United Way of Dane County. Please see our "Community stewardship" section on pages 22-23 for a list of other organizations we have supported, including Shake the Lake, Brat Fest, Greater Madison Chamber of Commerce, Downtown Madison, Inc., Madison Children's Museum and the Wisconsin Chamber Orchestra to name a few.

The City is known for its innovative and forward-thinking initiatives, and Baker Tilly's partners have been and are excited to explore ideas to help the City continue its success. Our employees live in and raise families in the Madison metro area. We have a vested interest in the City's success.

Baker Tilly proposal for professional auditing services

Tab 4 Independence

Affirm your firm is independent of the City of Madison

Baker Tilly and our partners and staff are independent with respect to the City as defined by generally accepted auditing standards and the U.S. General Accountability Office's (GAO's) *Government Auditing Standards*, and we will maintain an independent attitude and appearance through the full term of the engagement.

Formal independence guidelines are contained in our Employee Handbook based upon rules and regulations established by the Comptroller General of the United States and the AICPA.

Professional relationships involving the City for the past five (5) years – attest services

- Annual financial and single audits (2014-2018)
- Tax Incremental Financing (TIF) audits (2014-2018)
- Audit of City-owned CDA 95-1 / CDA apartment project (2014-2018)
- Attestation services related to pro forma calculations for the water and sewer utilities (2014-2018)
- Agreed-upon procedures for the Metro Transit National Transit Database Report (2014-2018)

Professional relationships involving the City for the past five (5) years – non-attest services

Projects completed for the City in the past five years, include:

- Solar feasibility study (2013-2014) – Baker Tilly conducted an analysis of the potential feasibility of solar installations at multiple City-controlled locations in late 2012. In 2013-14, Baker Tilly provided additional follow-up to the City's questions and presented the results of the study.
- Payroll tax consulting (2013-2014) – Baker Tilly provided consulting services to the City with respect to working with the IRS to address an employee benefit plan issue.
- Monona Terrace – Annual Direct Spending Update (2014-15) – Baker Tilly provided an annual economic impact analysis of the direct spending for conference and convention events held at Monona Terrace in 2013. This was updated in 2014 and 2015.
- Annual tax update (2014-2015) – Baker Tilly provided tax law updates to the City.
- Financial analysis of anaerobic digester (2014-2015) – Baker Tilly prepared a financial analysis for construction of a biodigester.
- CaseWare assistance (2019) – Baker Tilly assisted the City with questions and CaseWare functionality tips and tricks for the City's CaseWare financial statements.
- Risk assessment (2019) – Baker Tilly is working on assisting the City in the facilitation of the internal audit risk assessment and an initial internal audit planning process.
- Sewer Bond Call, 2008 (2019) – Baker Tilly is providing municipal advisory services – whether to use available funds to exercise in whole or in part an optional prepayment provision.
- GO Promissory Notes and GO Corporate purpose bonds (2019) – Baker Tilly is providing municipal advisory services related to 2019 debt issuances.

We have no knowledge of any business, investment or family relationships with the City, its agencies, officials, department heads or other employees and personnel of our firm that would impair our independence.

Baker Tilly proposal for professional auditing services

Tab 5 License to practice in Wisconsin

Baker Tilly is licensed and in good standing with the State of Wisconsin. Additionally, all key partners, directors and managers assigned to the City's audit team are licensed and in good standing with the State of Wisconsin.

EXPIRES: 12/14/2019

NO. 161 - 3

The State of Wisconsin
Department of Safety and Professional Services
ACCOUNTING EXAMINING BOARD

Hereby certifies that
BAKER TILLY VIRCHOW KRAUSE LLP
was granted a certificate to practice as an
ACCOUNTING FIRM
in the State of Wisconsin in accordance with Wisconsin Law
on the 1st day of January in the year 1916.
The authority granted herein must be renewed each biennium by the granting authority.
In witness thereof, the State of Wisconsin
Accounting Examining Board
has caused this certificate to be issued under
the seal of the Department of Safety and Professional Services



Laura E. Gutierrez
DSPS Secretary

Tom S. Bluff
Chairperson

John Demow
Secretary

This certificate was printed on the 12th day of December in the year 2017

Baker Tilly proposal for professional auditing services

Tab 6 Qualifications and experience

Baker Tilly's Wisconsin public sector team serves more than 250 clients. Of the 90 clients served by our Madison office, Baker Tilly provides audit services to nearly all of them and single audit services to nearly 80. In total, our firmwide public sector practice group works with more than 100 counties, more than 600 municipalities, more than 300 school districts, 400 colleges and universities, and nearly 600 utilities. We have included client testimonials within this tab and the next.

County of Dane (Wisconsin)

Contact name, telephone, e-mail	Charles Hicklin, Controller 608 266 4109 hicklin@countyofdane.com
Address	210 Martin Luther King Jr. Blvd., Madison, WI 53709
Services provided; contract period and duration; if ongoing, % of contract completed to date and estimated completion date	Financial and single audits since 2000. The partner-in charge for the County's financial audit is Carla Gogin. Amanda Blomberg is the director for the single audit. The engagement is staffed out of the Madison office. Dane County submits their CAFR to the GFOA on an annual basis. We are in year one of a five-year engagement.
Extra services provided after contract execution	Land and water resource assessment, point-of-sale contract process assessment, compressed natural gas, market research for naming rights,

City of Milwaukee (Wisconsin)

Contact name, telephone, e-mail	Martin Matson, Comptroller 414.286.2301 martin.matson@milwaukee.gov
Address	200 E. Wells St, Rm 404, Milwaukee, WI 53202
Services provided; contract period and duration; if ongoing, % of contract completed to date and estimated completion date	Financial and single audits beginning in 2018. The partner-in-charge of the City's engagement and the overall relationship is Carla Gogin. Amanda Blomberg is the director for the single audit. Jodi Dobson is the partner for the water utility. The engagement is staffed by our Madison and Milwaukee offices. This engagement also includes an annual audit of 50 active TIF districts. We recently concluded our first-year audit of a four-year contract.
Extra services provided after contract execution	None

Baker Tilly proposal for professional auditing services

City of Beloit (Wisconsin)

Contact name, telephone, e-mail	Eric Miller, Director of Finance 608 364 6680 millere@beloitwi.gov
Address	100 State Street, Beloit, WI 53511
Services provided; contract period and duration; if ongoing, % of contract completed to date and estimated completion date	Financial and single audits since 1994. The partner-in-charge of the overall financial audit and the audit of the governmental funds is Carla Gogin. Carla is also the partner of the single audit and CDA. Jodi Dobson is the enterprise fund partner (transit, water, sewer, storm water). This engagement is staffed entirely out of the Madison office. The City of Beloit submits their CAFR to the GFOA. We are in year one of a five-year engagement.
Extra services provided after contract execution	TIF audits as required by state statute, assistance with the implementation of new GASB standards, assistance with complex accounting issues including TIF-related matters. We have assisted the City with the preparation of water and sewer rate studies and financial forecasts. We also worked with the City as they established formal continuing property records for the water utility.

City of Janesville (Wisconsin)

Contact name, telephone, e-mail	Max Gagin, Finance Director 608 755 3037 gaginm@ci.janesville.wi.us
Address	18 N. Jackson, PO Box 5005, Janesville, WI 53547-5005
Services provided; contract period and duration; if ongoing, % of contract completed to date and estimated completion date	Financial and single audits since 1987; audits of all funds including the CDA; the City submits their CAFR to the GFOA. Carla Gogin is the client partner. Amanda Blomberg is the director on the financial and single audit. Jodi Dobson is the enterprise fund partner. The engagement is staffed entirely out of the Madison office. We are in year four of a five-year contract.
Extra services provided after contract execution	TIF audits as required by state statute.



“For two years now, Baker Tilly has performed our external financial audit, single audit and a review of our HR and Finance department for efficiency. They have always provided technical advice on a very timely basis which has helped us work through issues. We have received valuable internal control recommendations, accounting consultations and feel the audit process is very streamlined and efficient. They have adequate and knowledgeable staff. I respect them a great deal and would recommend them without hesitation.”

-- Carla Paschal, Chief Finance Officer (former) | Winnebago County, Illinois

Baker Tilly proposal for professional auditing services

City of Chicago (Illinois) Single Audit

Contact name, telephone, e-mail	Rolando DeLuna, Deputy Comptroller 312 744 4060 rolando.dea3295luna@cityofchicago.org
Address	Department of Finance, 121 N LaSalle Street, Chicago, IL 60602
Services provided; contract period and duration; if ongoing, % of contract completed to date and estimated completion date	OMB Uniform Guidance single audits since 2007. The partner-in-charge of the audit is Heather Acker and Amanda Blomberg is the director. This engagement is staffed by our Madison, Milwaukee, and Chicago offices. We are in final negotiations for a new contract that begins with the 2019 audit.
Extra services provided after contract execution	Special Service Area (SSA) audit report review and monitoring activities. The nature of the services include summarizing the SSA audit reports received by the Department of Housing (DOH) by completion of a checklist designed/approved by DOH and summarizing the responses in the format of a letter that is reviewed, approved, signed and mailed by DOH personnel.

Milwaukee Metropolitan Sewerage District (MMSD) (Wisconsin)

Contact name, telephone, e-mail	Mickie Pearsall, Director of Finance 414 225 2213 mpearsall@mmsd.com
Address	260 W. Seeboth St., Milwaukee, WI 53204
Services provided; contract period and duration; if ongoing, % of contract completed to date and estimated completion date	Financial and single audit of the District from 2007 to present; indirect cost rate examination for the District for the same period. Jodi Dobson is the engagement partner. MMSD submits a CAFR to the GFOA. In compliance with MMSD's disadvantaged business policy and program, we involve a minority-owned firm as a subcontractor in our audit engagement. These individuals serve as part of our engagement team; however, Baker Tilly professionals from our Madison office oversee the audit work, and Baker Tilly issues all the required reports. We were recently approved for a two-year extension to our current engagement.
Extra services provided after contract execution	M/W/SBE contracting compliance monitoring from 2001-2008. Review of inventory balances and systems at time of conversion from one contract plant operator to another. Review of commercial paper investment transactions for compliance with District policy. Benefit/cost analysis of bio-solids disposal options. Assistance with the implementation of GASB 68 and GASB 75. Ongoing consultations related to accounting for new agreements, contracts and transactions.

Baker Tilly proposal for professional auditing services

We provide audit services to many local governments of various sizes throughout the Midwest. We listed five references in Tab 7. We provide audit services to many of the largest counties and municipalities throughout Wisconsin. Below is a partial listing:

Wisconsin county clients

- Dane
- Green
- La Crosse
- Lafayette
- Marathon
- Marquette
- Milwaukee
- Price
- Racine
- Rock
- Sauk
- Shawano
- Trempealeau
- Walworth
- Waukesha
- Washington

Wisconsin city and village clients

- | | |
|-----------------|--------------------|
| – Baraboo | – Muskego |
| – Brookfield | – Neenah |
| – Beloit | – New Berlin |
| – Cedarburg | – Oak Creek |
| – Cudahy | – Oconomowoc |
| – Eau Claire | – Pleasant Prairie |
| – Fitchburg | – Port Washington |
| – Fort Atkinson | – Racine |
| – Franklin | – River Falls |
| – Germantown | – South Milwaukee |
| – Glendale | – Stevens Point |
| – Grafton | – Stoughton |
| – Greenfield | – Sun Prairie |
| – Hartford | – Verona |
| – Janesville | – Watertown |
| – Milwaukee | – Waukesha |
| – Madison | – Waupun |
| – Monroe | – West Bend |



“Baker Tilly has served as the external auditor for Dane County since 2000. **The county has been very pleased with the auditing services provided.** Baker Tilly has always deployed competent staff to serve the county and has the **depth of knowledge and experience** to understand all of the county’s various departments, from the Airport to the Zoo and all the operations in between. Throughout the years, Baker Tilly staff have been **responsive** to county staff when they had questions or needed clarification on transactions. We always feel free to contact Baker Tilly during the year to get advice on how to handle the more complex transactions.”

-- Charles Hicklin, Dane County Controller | Dane County, Wisconsin



“The Milwaukee Metropolitan Sewerage District has received **outstanding service from Baker Tilly** over the past five financial audits, beginning with the 2007 fiscal year. The technical skills provided by the audit team to the District during these audits have helped the District **maintain the GFOA Certificate of Achievement for Excellence in Financial Reporting.** Baker Tilly’s advice and review of internal controls has helped the District **maintain its Aaa bond rating from Moody’s and Fitch Ratings.** The professionalism and friendly personalities of the audit team have created an atmosphere in which District staff does not fear the audit team but looks to them for assistance. I recommend Baker Tilly to any wastewater entity who is considering the selection of an outside auditor to perform their annual financial audit.”

-- Mark Kaminski, Controller/Treasurer (retired) | Milwaukee Metropolitan Sewerage District

Baker Tilly proposal for professional auditing services

Tab 7 References

We are always happy to provide references. We believe it is important for you to talk with other organizations that we work with. We encourage you to connect with our clients listed below to learn more about the value of their relationships with Baker Tilly. Each may have a different perspective that you may find valuable as you consider your needs. ***These references are served entirely by our Madison office, except the City of Chicago, which is served jointly by our Madison, Milwaukee and Oak Brook offices, and the City of Milwaukee, which is served by our Madison and Milwaukee offices.***

Please find the completed Form E on the following pages.

City of Milwaukee, Wisconsin

The City of Milwaukee prepares a CAFR, but does not submit it to the GFOA. The 2018 CAFR is here: <https://city.milwaukee.gov/ImageLibrary/Groups/cityComptroller/Reports/CAFR/CAFR2018.pdf>

County of Dane, Wisconsin

Dane County's 2017 CAFR was the 36th consecutive to be awarded the Certificate of Achievement for Excellence in Financial Reporting.

The 2018 CAFR can be viewed here: <https://pdf.countyofdane.com/controller/cafr/2018/2018-CAFR.pdf>

City of Beloit, Wisconsin

The City's 2018 CAFR can be viewed here:

<http://gouda.beloitwi.gov/WebLink/0/edoc/70457/2018%20City%20of%20Beloit%20CAFR.pdf>

Its 2017 CAFR was the 16th consecutive year the City received the Certificate for Achievement for Excellence in Financial Reporting.

City of Janesville, Wisconsin

You can view the City's 2018 CAFR here: <http://www.ci.janesville.wi.us/home/showdocument?id=8812>. GFOA awarded the City a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended December 31, 2017. This was the 25th consecutive year the City achieved this award.

City of Chicago, Illinois

The City's 2017 report on federal awards can be viewed here:

https://www.chicago.gov/content/dam/city/depts/fin/supp_info/SingleAuditReports/Single_Audit_2017.pdf



"Baker Tilly Virchow Krause has provided audit and consulting services to the City of Beloit for many years. They have always exhibited the highest level of professionalism and work collaboratively with us in order to achieve our financial goals. They have also proven to be flexible, cooperative, timely, and always willing to take time to answer any questions we may have. The services they provide have been instrumental in our ability to effectively manage and communicate the financial position of the City. It's a pleasure working with Baker Tilly and I would not hesitate recommending them to anyone searching for governmental audit or consulting services. "

-- Eric Miller, Director of Finance | City of Beloit



Form E: References

RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

REFERENCE #1 – CLIENT INFORMATION			
COMPANY NAME County of Dane	CONTACT NAME Charles Hicklin, Controller		
ADDRESS 210 Martin Luther King Jr. Blvd	CITY Madison	STATE WI	ZIP 53709
TELEPHONE NUMBER 608 266 4109	FAX NUMBER 608 266 4425		
EMAIL hicklin@countyofdane.com			
CONTRACT PERIOD Five-year contract beginning in 2018; client since 2000	YEAR COMPLETED Ongoing	TOTAL COST *	
DESCRIPTION OF THE PERFORMED WORK Financial and single audits			

REFERENCE #2 – CLIENT INFORMATION			
COMPANY NAME City of Milwaukee	CONTACT NAME Martin Matson, Comptroller		
ADDRESS 200 E. Wells St., Rm 404	CITY Milwaukee	STATE WI	ZIP 53202
TELEPHONE NUMBER 414 286 2301	FAX NUMBER 414 286 3281		
EMAIL martin.matson@milwaukee.gov			
CONTRACT PERIOD Four-year contract beginning in 2018	YEAR COMPLETED Ongoing	TOTAL COST *	
DESCRIPTION OF THE PERFORMED WORK Financial, single and TIF audits			

REFERENCE #3 – CLIENT INFORMATION			
COMPANY NAME City of Beloit	CONTACT NAME Eric Miller, Director of Finance		
ADDRESS 100 State Street	CITY Beloit	STATE WI	ZIP 53511
TELEPHONE NUMBER 608 364 6680	FAX NUMBER 608 364 6642		
EMAIL millere@beloitwi.gov			
CONTRACT PERIOD Five-year contract beginning in 2018; client since 1994	YEAR COMPLETED Ongoing	TOTAL COST *	
DESCRIPTION OF THE PERFORMED WORK Financial, single and TIF audits			

REFERENCE #4 – CLIENT INFORMATION			
COMPANY NAME City of Janesville	CONTACT NAME Max Gagin, Finance Director		
ADDRESS 18 N. Jackson PO Box 5005	CITY Janesville	STATE WI	ZIP 53547
TELEPHONE NUMBER 608 755 3037	FAX NUMBER 608 755 3196		
EMAIL gaginm@ci.janesville.wi.us			
CONTRACT PERIOD Five-year contract beginning 2015; client since 1987	YEAR COMPLETED Ongoing	TOTAL COST *	
DESCRIPTION OF THE PERFORMED WORK Financial, single and TIF audits; audits of all funds including the CDA			

REFERENCE #5 – CLIENT INFORMATION			
COMPANY NAME City of Chicago	CONTACT NAME Rolando DeLuna, Deputy Comptroller		
ADDRESS Department of Finance, 121 N LaSalle Street	CITY Chicago	STATE IL	ZIP 60602
TELEPHONE NUMBER 312 744 4060	FAX NUMBER 312 742 0567		
EMAIL rolando.dea3295luna@cityofchicago.org			
CONTRACT PERIOD Currently negotiating a three-year contract; client since 2007	YEAR COMPLETED Ongoing	TOTAL COST *	
DESCRIPTION OF THE PERFORMED WORK OMB Uniform Guidance single audits			

*Due to client confidentiality we are unable to disclose. Please feel free to inquire through your reference checks.

Baker Tilly proposal for professional auditing services

Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting (CAFR)

Baker Tilly is heavily involved with the GFOA award for excellence in financial reporting by volunteering staff time to serve as report reviewers for the GFOA. More than 40 state and local entities in the states of Wisconsin, Illinois, Minnesota, Iowa, Pennsylvania and Texas alone were awarded the Certificate of Achievement with Baker Tilly as the auditor of record, including:

Counties	Cities	Villages	Other entities
Champaign, IL	Beloit, WI	Bayside, WI	Forest Preserve District of Cook County (IL)
Dane, WI	Bloomington, IL*	Buffalo Grove, IL	Greater Rockford Airport Authority (IL)
Delaware, PA	Brookfield, WI	Deerfield, IL*	Chicago Public Schools
DuPage, IL	Countryside, IL	Germantown, WI	Joliet Junior College (IL)
Kane, IL	Eau Claire, WI	Franklin, WI	Lake County Forest Preserve District (IL)
La Crosse, WI	Fitchburg, WI	Glenview, IL*	Milwaukee Metropolitan Sewerage District (WI)
Lycoming, PA	Franklin, WI	Grafton, WI	Milwaukee Public Schools (WI)
Marathon, WI	Galesburg, IL	Lemont, IL	New Braunfels Utilities (TX)
McHenry, IL	Highland Park, IL	Oak Brook, IL	North Shore Fire Department (WI)
McLean, IL	Janesville, WI	Orland Park, IL	Oak Creek Water & Sewer Utilities (WI)
Milwaukee, WI	Lake Forest, IL	Park Forest, IL	Pace Suburban Bus Service (IL)
Olmsted, MN	Madison, WI	Roselle, IL	San Antonio Water System (TX)
Racine, WI	Mequon, WI	Skokie, IL	St. Paul Public Housing Agency (MN)
Sauk, WI	Moline, IL		Thom Creek Basin Sanitary District (IL)
Scott, IA	Neenah, WI		Waukesha County Technical College (WI)
Walworth, WI	Prospect Heights, IL		Ferguson Township (PA)
Washington, WI*	Rosemount, MN		VIA Metropolitan Transit (TX)
Waukesha, WI	Springfield, IL*		VIA Metropolitan Transit Retirement Plan (TX)
Will, IL	Sun Prairie, WI		
Winnebago, IL*	Urbana, IL		

*Auditing began for this organization in its most recent fiscal year. The organization has received the GFOA Certificate of Achievement for several consecutive years and it is anticipated that their most recent CAFR will receive this award as well.



“As a small municipality, we are unable to attract and retain staff with all the necessary accounting/finance expertise. We rely on Baker Tilly to help us with accounting entries, preparation of financial reports and tax incremental district reports, improvement of internal controls and the list goes on! Our Baker Tilly team is an invaluable resource of knowledge, who is always willing to answer our questions in a manner we can understand. We appreciate the consistency of working with the same team of Baker Tilly auditors year after year. We know what to expect from them and they have a deep understanding of utility, city and clerk’s office operations. They are professional and very approachable – we can ask them anything!”

-- Karen Witte, City Clerk/Treasurer | City of Whitehall, Wisconsin

The difference of Exceptional Client Service

A critical component of your engagement planning process will continue to be the development of a client service plan that defines our service delivery to the City. We work with you to build the level of detail you desire to provide comfort that your needs are truly understood.



Baker Tilly proposal for professional auditing services

Your client service plan outlines the timeline, key dates, roles and responsibilities. We will work with you to mutually develop the client service plan, ensuring timing of procedures, walk-throughs and other processes are performed at dates that work well for both of our respective teams.

Industry-leading satisfaction scores

To ensure we provide Exceptional Client Service, our dedicated client services director conducts satisfaction assessments through a mix of direct telephone calls, client visits and web-based client satisfaction surveys. Firm leaders, including Chairman and CEO Alan Whitman, also get involved, meeting with a sampling of clients each year. During the assessment, we verify that we are delivering on the promises made during the proposal process and that we are meeting your expectations as defined during the client service planning phase of the engagement. Action, in the form of involvement and follow-up by firm leaders, is a critical element of our approach to addressing concerns that may exist.

We formally document this client feedback and share it with the engagement team and respective managing partner. Our CEO, executive managing partners, managing partners and team leaders receive a monthly report of client satisfaction results. These results factor into partner and manager performance management. We take action based on the comments and suggestions we receive.

We measure client satisfaction using the net promoter score (NPS) methodology — an index that measures the willingness of customers to recommend a company’s services to others. On a scale of 1 to 10, where 10 is the highest, we ask clients: “How likely are you to recommend Baker Tilly to a friend or colleague?”

To the right is an example of Baker Tilly’s newest client experience survey. We customize our questions to ensure we meet your expectations.

How satisfied are you with Baker Tilly in each of the following areas?
 (Please select NA for any items you don’t have enough experience to rate)

	Very Satisfied	Somewhat Satisfied	Neither Satisfied nor Dissatisfied	Somewhat Dissatisfied	Very Dissatisfied	× NA
Subject matter expertise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Responsiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Timeliness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Delivery on promises made	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level of communication	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technical/Regulatory/Business insights provided	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The efficiency of our team(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Staff continuity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Breadth of services available	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Value received from our services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Last fiscal year, responding clients gave Baker Tilly an average score of 9.3 out of 10, where 10 indicates “highly likely to recommend Baker Tilly to a friend or colleague” — **an average score that places us nearly two points higher than the accounting industry.**

Source: Inavero 2018 Accounting NPS

Baker Tilly proposal for professional auditing services

Tab 8 Reviews

Our goal in serving the City is to provide services that will meet our obligations to the public and conform to the high standards of our profession. To meet this goal, we adhere to policies and procedures that provide reasonable assurance that every audit, tax, accounting and advisory services engagement will be completed in accordance with the high standards the public and our clients expect us to meet.

GAQC membership

Baker Tilly is a member of the Governmental Audit Quality Center (GAQC), the purpose of which is to promote the importance of quality governmental audits, serve as a resource to member firms, provide members with online tools for sharing ideas, and recognize CPA firms that demonstrate a commitment to governmental audit quality. As a member of GAQC since the organization's inception, we collaborate with other member firms to share ideas and best practices to advance quality in audits of governmental clients.

Quality control processes

Baker Tilly has adopted a system of quality control and other safeguards that are applicable to every audit engagement completed by the firm. These controls and safeguards provide a comprehensive system that serves to prevent or detect, in a timely manner, matters that without corrective action could result in substandard performance. As a result, we believe that the firm's system of quality control meets the requirements of quality control standards adopted by the AICPA. The following describes certain aspects of our quality control policies and procedures.

Internal quality control reviews

In addition to our triennial peer review, we perform annual internal office inspections to monitor quality across our practice. Baker Tilly's audit procedures and working papers are prepared to comply with the applicable federal and state guidelines. Because of the large volume of audits we perform every year, regulatory agencies regularly review our working papers and procedures.

Professional practice group

Baker Tilly has a Professional Practice Group which is the hub for all firm accounting and assurance quality control and policy developments. Each industry group also has a Professional Practice Leader who is a local resource and first-line contact for audit professionals. Heather Acker, the Professional Practice Leader for the firm's public sector industry group, is responsible for overseeing quality in our firm's public sector and single audit practice. Heather, based in our Madison office, is actively involved in AICPA, national, and state societies. She is currently serving her second term on the AICPA's State and Local Government Expert Panel, and has served as Chair since 2016. Heather also served on the AICPA's Government Audit Quality Center Executive Committee between 2012 and 2015. Through these roles, she has been recognized as a contributor to the State and Local Government Audit Guide and the Government Auditing Standards and Single Audit Guide. Heather is a frequent instructor at national training events sponsored by the AICPA and GFOA, and she participates regularly in meetings with GASB, OMB and federal agencies.

Heather also performs enhanced oversight reviews for the AICPA's peer review program. These responsibilities include reviewing the peer review work performed by other CPA firms and reporting to the AICPA on compliance with professional peer review standards.

Industry Centers of Excellence – Technical Committees


To ensure quality standards throughout the firm's state and local government practice, there are technical specialists within each office who are part of the Industry Centers of Excellence – Technical Committee (ICE-T) for state and local government audits. These local ICE-T members ensure technical issues are efficiently and effectively resolved. Carla Gogin is a member of the firm's state and local government ICE-T group.

Baker Tilly proposal for professional auditing services

Peer review

We are members of the Center for Audit Quality (CAQ) and the Private Companies Practice Section of the American Institute of Certified Public Accountants (AICPA). As members of these organizations, we have agreed to subject our auditing policies and procedures to an independent outside peer review, which is required every three years. Our most recent peer review, in which we earned the highest rating attainable under the peer review standards, was successfully completed in 2018. Baker Tilly's peer review included a review of specific government engagements, roughly equal to the percentage of revenue generated by such audits. Peer review is also a requirement of our membership in the GAQC of the AICPA.

A copy of our peer review appears below.


MOSSADAMS

Report on the Firm's System of Quality Control

September 26, 2018

To the Partners of Baker Tilly Virchow Krause, LLP and the
AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Baker Tilly Virchow Krause, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2018. 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. 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 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 Baker Tilly Virchow Krause, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2018, 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. Baker Tilly Virchow Krause, LLP has received a peer review rating of *pass*.

Moss Adams LLP

Baker Tilly proposal for professional auditing services

Federal or state desk reviews or field reviews

The significant amount of governmental work we perform, and the numerous single audits we perform each year, subjects our work papers and procedures for frequent review by federal regulatory agencies and state departments. There were no significant findings for any such reviews.

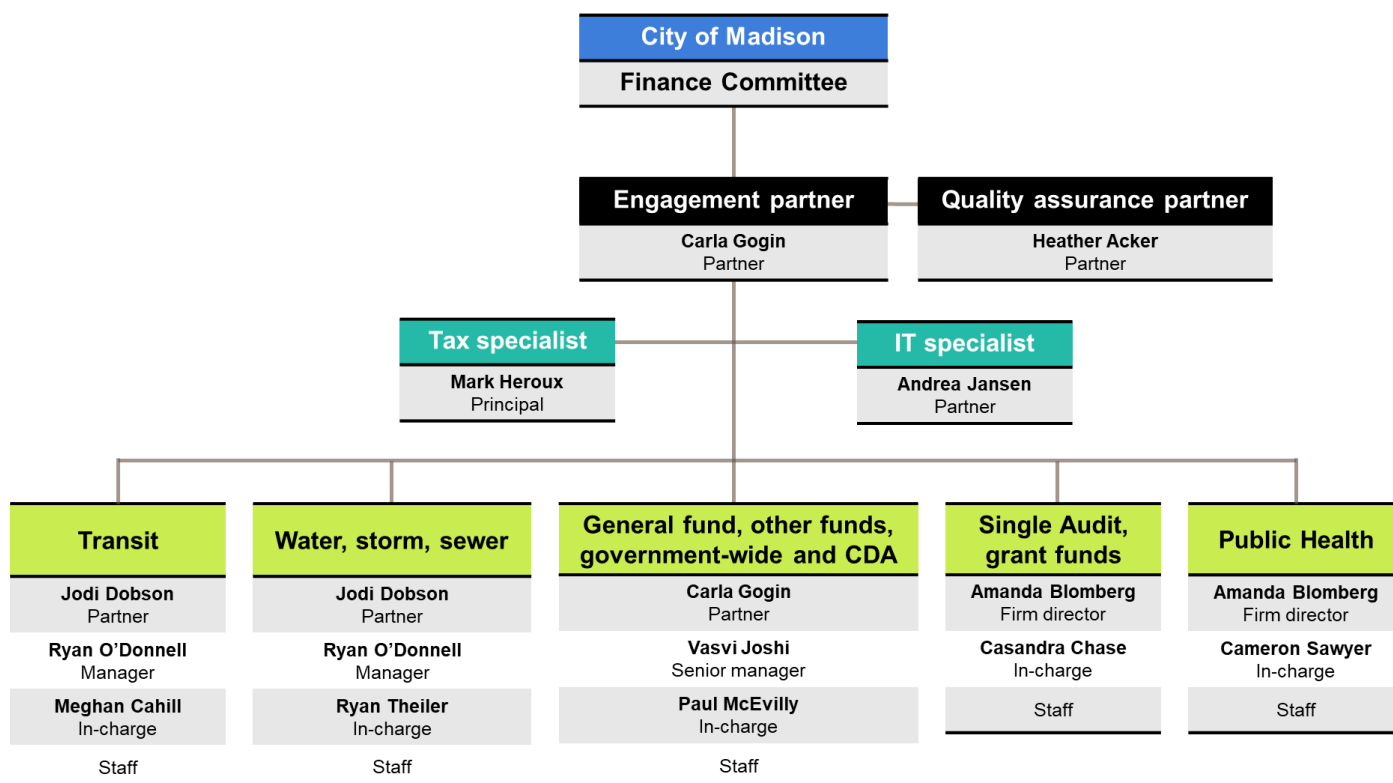
No disciplinary action

From time to time, the staff of the SEC, the PCAOB and other regulatory authorities conduct investigations, which could include a review of professional services provided by Baker Tilly and interviews of some of the firm's staff and/or partners. Baker Tilly cannot predict which of these investigations may result in further proceedings. During the past five years, Baker Tilly has not been named in any enforcement action by the SEC or the PCAOB, and there are no lawsuits by the SEC or PCAOB pending against Baker Tilly.

There have been no actions against Baker Tilly by any other governmental or professional organizations, including the AICPA, DOL, Government Accountability Office (GAO) or any other federal or state governmental or regulatory organization or body in the last five years.

Baker Tilly proposal for professional auditing services

Tab 9 Partner, supervisory and staff qualifications and experience



Number, qualifications, experience and training of the specific staff assigned to this engagement

Please refer to the resumes for the team members' governmental auditing experience, relevant CPE and membership in professional organizations. The entire audit team works full-time in the public sector industry group. The team consists of five partners/principals, one firm director, one senior manager and one manager as well as numerous senior and staff accountants. All professionals on the City's audit work out of our Madison office. ***If at any time the City would like a different perspective, we have the resources available to replace any one individual or the entire team from our public sector practice.***

Industry involvement

Baker Tilly has an active presence and leadership in many governmental affiliations supporting local and national public sector organizations. The following is a partial list:

- American Institute of Certified Public Accountants (AICPA)
- American Public Power Association
- American Water Works Association
- Association of Government Accountants
- Government Finance Officers Association (GFOA)
- Wisconsin Clerks, Treasurers & Finance Officers Association
- Wisconsin Institute of Certified Public Accountants (WICPA)
- Wisconsin Government Finance Officers Association (WGFOA)
- Wisconsin League of Municipalities
- Wisconsin Municipal Clerks Association
- Wisconsin Municipal Treasurers Association
- Wisconsin Public Utility Institute
- Wisconsin Rural Water Association
- Wisconsin Section of the American Water Works Association
- Wisconsin Women in Government, Inc.

Baker Tilly does not just belong to these organizations. We are contributing members who serve on committees and support the organizations with our time and funds.

Baker Tilly proposal for professional auditing services

Complimentary training webinars

New standards are being issued on a regular basis by standard-setting bodies. To better prepare our clients for the changes resulting from these standards and to share best practices, we offer client training webinars. These webinars are free to our clients, and many qualify for continuing professional education (CPE). Baker Tilly is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of CPE on the National Registry of CPE Sponsors. We have hosted the following webinars:

2019 (to date)

- Understanding the new requirements for reporting Fiduciary Activities
- GASB 87 - Podcast 1: Lease Term: Overview, importance and calculation
- GASB 87 - Podcast 2: Lessee accounting with bus lease example
- GASB 87 - Podcast 3: Lessor accounting with building lease example
- GASB 87 countdown: Are you ready for lease reporting changes?
- Understanding utility finances
- Fund balance and other financial policies

2018-2017

- What you should know about the new Other Postemployment Benefits standard (GASB 75)
- Fringe benefit taxation for governments
- GASB 72: Fair value measurement and application
- Uniform Guidance: What has changed and how will it impact your single audit
- Single audit: Understanding auditee and auditor roles
- GASB Statements No. 68 and 71 implementation guide

These webinars, as well as the speaking engagements included on our resumes, show the extent of our recognized experience and ability to convey ideas to national and regional audiences, as well as to our clients. All webinars are archived and can be viewed anytime on our website, bakertilly.com.

We also publish the “Government Connection” quarterly newsletter for state and local governments. The recent spring edition included articles on our new municipal advisory service line, internal controls to combat payroll direct deposit fraud and the benefits of operational reviews.

Staff training program

The City will continue to work with a team of specialists focused exclusively on providing services to local governments such as the City. These professionals will strive to perform beyond your expectations, bringing you reliable solutions that deliver measurable value. To keep their skills up to date, all Baker Tilly professionals must complete a minimum of 120 hours of continuing professional education each rolling three-year period, with a minimum of 20 hours each year. Our employees have access to hundreds of continuing education opportunities from internal trainers and third-party presenters, including general skills, accounting and auditing, financial services, leadership, tax and personal development.

Community stewardship

The professionals in our firm contribute leadership, time, talent, spirit and money to organizations in the communities where we live and work. We serve on boards and committees of numerous community and not-for-profit groups, assist with fundraising, provide volunteer support for activities and help recruit other supporters. **As an example, Regional Managing Partner Kevin Heppner is a board member of the Greater Madison Chamber of Commerce** and is currently serving as the Treasurer.

Baker Tilly values the commitment our employees make to their communities. The firm recently launched the Baker Tilly Foundation. This not-for-profit, private foundation will expand our philanthropic effect and amplify our charitable giving to causes related education, health and wellness, and human services all with local perspective and involvement.

Baker Tilly proposal for professional auditing services

Our employees are committed to making Madison a great place to work and live. Their active involvement is supported through our HERO (Helping Enrich Relationships through Outreach) program. This program supports the efforts of our employees in community service activities by providing an annual allotment of time off with pay to employees who volunteer their time to community service projects.

We are proud local sponsors and fundraising participants for various not-for-profit organizations and community events, including:

- American Heart Association – Madison Heart Walk
- United Cerebral Palsy – Annual Celebrity Banquet and Auction
- Agrace Hospice Care
- In Business – Icons in Business Breakfast
- Downtown Madison, Inc. annual dinner sponsor
- Greater Madison Chamber of Commerce annual dinner sponsor
- Brat Fest

Supporting United Way of Dane County

Over the past 10 years, Baker Tilly has donated more than \$2.5 million to United Way of Dane County, which includes employee pledges, special event and annual corporate donations. About half of that comes from the generous contributions of Alexis de Tocqueville (ADT) donors. In 2018, we had 14 partners giving at the ADT level of \$10,000 or greater.

Baker Tilly's contribution to United Way of Dane County consistently places us among their 10 highest-giving organizations each year — and we are the number one professional services organization by far. Additionally, Baker Tilly has been very supportive of United Way's Loaned Executive program, both by loaning executives and supporting the program monetarily. We have also co-hosted the Alexis de Tocqueville recognition reception for the past several years.

Beyond monetary contributions, Baker Tilly professionals also support United Way of Dane County through time, service and leadership. Professionals regularly volunteer for United Way and its member organizations, and partner Don Bernards currently serves on United Way of Dane County Foundation Board of Trustees.

“Baker Tilly has been a longstanding, reliable and steadfast supporter of United Way of Dane County. Professionals throughout the firm give both time and money generously, helping us realize our vision of a Dane County where everyone can succeed in school, work and life. I consider them a model for how businesses can make a difference in their communities. We deeply appreciate their support.”

- ***Rene Moe, United Way of Dane County President and CEO***

Madison office Stewardship Day 2019

As part of our commitment to giving back, the firm celebrates an annual Stewardship Day on which our team members dedicate an entire workday to giving back to the community by volunteering their time. Each office chooses the cause they support ranging from education, health and hunger relief to financial literacy, veterans and/or youth charities. On August 1, 2019, the Madison office served a variety of organizations, including the Aldo Leopold Nature Center, City of Madison Parks, Second Harvest Food Pantry, Goodman Community Center, Wisconsin Books for the World, the Road Home of Dane County, Agrace Thrift Stores and others. This day is just one example of the many ways in which we are supporting our team members in their quest to fulfill a higher purpose throughout the community.

Baker Tilly proposal for professional auditing services

Engagement team resumes

Carla A. Gogin, CPA

Carla is the leader of Baker Tilly's Wisconsin state and local government team and leader of the firm's state and local government audit practice.



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Education

Bachelor of Business Administration in accounting
University of Wisconsin-Madison

Carla has more than 25 years of experience and specializes in serving the financial needs of state and local government clients. She has assisted many municipalities and counties in implementing various Governmental Accounting Standards Board (GASB) pronouncements and to understand new auditing standards impacting the profession.

Specific experience

- Partner of numerous municipality and county audits
- Leader of the Wisconsin state and local government audit team
- Leader of the firm's state and local government audit practice
- Partner of single audits in accordance with the Uniform Guidance
- Member of the Baker Tilly Public Sector Technical Committee (Industry Center of Excellence)
- Reviews and provides technical assistance to local governments in preparing Comprehensive Annual Financial Reports for the Government Finance Officers Association (GFOA) certificate program
- Provides Tax Increment Financing (TIF) and Business Improvement District (BID) auditing, reporting and consulting services
- Presents audit reports to local government boards and committees
- Provides GASB strategic planning and implementation services to clients
- Provides guidance on accounting policies and procedures to improve the operation of the accounting function and strengthen internal controls
- Provides a variety of accounting and budgeting assistance to municipalities
- Served as the Assurance Quality Leader for the firm's state and local government industry practice group 2011 – 2015
- Served as the firm's Chief Risk Officer from 2006 – 2011
- Served as the firm's partner-in-charge of quality from 2006 – 2008
- Licensed CPA in Wisconsin

Baker Tilly proposal for professional auditing services

Carla Gogin, page 2

Industry involvement

- American Institute of Certified Public Accountants (AICPA)
- AICPA State and Local Government Expert Panel (2012 – 2014)
- Former Baker Tilly International North American Accounting and Auditing Committee Chair (2006 – 2009)
- Government Finance Officers Association (GFOA)
- GFOA Special Review Report Review Committee
- Wisconsin Institute of Certified Public Accountants (WICPA)
- Wisconsin Government Finance Officers Association (WGFOA)
- Speaks at national and regional industry conferences
- Authors published articles on municipal accounting issues
- Recognized contributor to:
 - AICPA “State and Local Government Audit and Accounting Guide”
 - AICPA “State and Local Government Audit Risk Alert”
 - AICPA Checklists and Illustrative Financial Statements State and Local Governments
- Journal of Accountancy “Risk Assessment Standards in Action” co-author
- The municipality “Fraud in Government” co-author

Community involvement

- Center for Advanced Studies in Business (University of Wisconsin-Madison) – Board Member

Continuing professional education

- | | |
|--|---|
| <ul style="list-style-type: none"> – GASB 87 countdown Are you ready for lease reporting changes – GASB Leases: What Preparers & Auditors Need to Know to be Ready for Implementation – Annual Governmental GAAP Updates – SLG Ethics / Fraud Training – WGFOA Fall and Winters Conferences | <ul style="list-style-type: none"> – Independence Common and Current Items – Ethics for CPAs – Single Audit Updates – Audits of the Future – "Public Sector Global Focus Methodology Training" |
|--|---|

Partial client list

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> – City Baraboo – City of Beloit – City of Brodhead – City of Delavan – City of Fox Lake – City of Janesville – City of Jefferson – City of Juneau – City of Kewaunee – City of Madison | <ul style="list-style-type: none"> – City of Mayville – City of Milwaukee – City of Neenah – City of Portage – City of Reedsburg – City of Stevens Point – City of Stoughton – City of Sun Prairie – City of Waterloo – City of Waupun | <ul style="list-style-type: none"> – City of West Bend – Dane County – Green County – La Crosse County – Lafayette County – Marquette County – Marathon County – Milwaukee County – Sauk County – Shawano County |
|---|--|--|

Baker Tilly proposal for professional auditing services

Heather Acker, CPA

As a partner and an assurance professional practice group leader, Heather Acker oversees all aspects of quality for Baker Tilly's public sector assurance practice.



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Education

University of Wisconsin-Madison
 Bachelor of Business Administration, accounting

An experienced professional who specializes in serving the needs of state and local government clients, Heather also serves as the firm's Central region assurance leader and chair of the Baker Tilly Assurance Innovation Committee. She joined Baker Tilly in 1997 and has actively participated in professional industry development activities throughout her career.

Specific experience

- Oversees the financial and single audits of numerous municipal and county governments
- Provides technical assistance to local governments in preparing comprehensive annual financial reports, as well as tax incremental financing; business improvement district; and special service area auditing, reporting and consulting services
- Presents audit reports to local government boards and committees
- Prepares Governmental Accounting Standards Board (GASB) strategic planning and implementation services for clients
- Guides execution of accounting policies and procedures to improve the operation of the accounting function and strengthen internal controls
- Leads the Baker Tilly Single Audit Committee
- Oversees firmwide public sector and single audit training and audit methodology updates
- Performs peer reviews
- Licensed CPA in Illinois and Wisconsin

Industry involvement

- American Institute of Certified Public Accountants (AICPA)
- AICPA state and local government expert panel (2009-2012 and 2015-present) and chair (2016-present)
- AICPA Government Audit Quality Center Executive Committee (2012-2015)
- AICPA peer review oversight program
- GASB tribal government accounting workshop group (2018-present)
- Government Finance Officers Association (GFOA)

Baker Tilly proposal for professional auditing services

Heather Acker, page 2

Industry involvement (cont.)

- GFOA Special Report Review Committee
- Wisconsin Institute of Certified Public Accountants
- Wisconsin Government Finance Officers Association
- Illinois Government Finance Officers Association
- Regular speaker at national and regional industry conferences
- Authors published articles on municipal accounting issues
- Recognized contributor to AICPA, including:
 - “State and local government audit guide”
 - “Government auditing standards and single audit guide”
 - “State and local government audit risk alert”
 - “Government auditing standards and single audit risk alert”

Continuing professional education

- AICPA Single Audit Roundtable (SART)
- GASB 87 countdown Are you ready for lease reporting changes
- County CFO Roundtable
- CaseWare Content Update
- Annual Governmental GAAP Update
- Independence Common and Current Items
- AICPA Governmental Accounting and Auditing Update Conference
- Aftershock: Avoiding Compliance Complications with Federal Disaster Aid
- Understanding the new requirements for reporting Fiduciary Activities

Partial client list

- City of Brookfield
- City of Chicago
- City of Rochelle
- Chicago Public Schools
- DuPage County
- Illinois Department of Commerce and Economic Opportunity
- McHenry County
- McLean County
- Rock County
- Town of Madison
- Waukesha County
- Will County
- Winnebago County (IL)

Baker Tilly proposal for professional auditing services

Jodi L. Dobson, CPA

Jodi Dobson, partner on the energy and utilities team with Baker Tilly Virchow Krause, LLP, has been with the firm since 1998.



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Education

Carthage College (Kenosha, Wisconsin)
Bachelor of Business Administration in Accounting and
International Business

Jodi specializes in serving municipal utilities (electric, water, wastewater, stormwater and transit) and joint action agencies. Her experience includes performing financial audits, single audits, agreed-upon procedure reviews and fraud investigations as well as preparing rate studies, cost of service studies, rate designs and financial forecasts. Jodi is active in several industry associations, including the Municipal Electric Utilities of Wisconsin (MEUW), Wisconsin Section of American Water Works Association (WIAWWA) Board of Trustees and Wisconsin Rural Water Association (WRWA).

Specific experience

- Oversees audits for municipal electric, water, wastewater, stormwater and transit utilities and joint action agencies
- Leads agreed-upon procedure reviews related to contract compliance for utilities, joint action agencies and regulatory bodies
- Facilitates utility rate studies, including cost of service studies and rate design options
- Assists governmental units with interpretation and implementation of Governmental Accounting Standards
- Analyzes the financial impact of construction projects on utility customer rates, borrowing needs and operational results
- Directs the preparation of annual operating budgets and long-range financial forecasts for electric, water and wastewater utilities
- Provides support to municipal utilities with complex retail and wholesale rate issues
- Leads special projects, including chart of account separations, specific rate designs, departmental cost analysis, development of connection fees and impact fees, operational benchmarking and basis of accounting conversions
- Compiles annual reports to regulatory agencies
- Performs compliance audits of federal and state funded programs under OMB Uniform Guidance
- Conducts fraud investigations for municipalities and counties

Baker Tilly proposal for professional auditing services

Jodi L. Dobson, page 2

Industry involvement

- American Institute of Certified Public Accountants
- American Public Power Association (APPA) – utility education courses instructor
- Government Finance Officers Association Comprehensive Annual Financial Report reviewer
- MEUW
- WIAWWA Board of Trustees
- Wisconsin Institute of Certified Public Accountants
- Wisconsin Public Transportation Association
- WRWA

Continuing professional education

- APPA, various seminars
- Baker Tilly, Essentials of utility financial management
- Baker Tilly, Governmental auditing update
- Baker Tilly, Performing single audits under the Uniform Guidance for federal awards
- Baker Tilly, Utility rate studies
- Fraud examination for managers and auditors
- Internal control and fraud detection
- Internal controls for small entities
- The strength behind boards of directors: accountability and oversight
- Wisconsin Institute of Certified Public Accountants, Accounting, Auditing and Financial Management Conference

Partial client list

- | | |
|--|--|
| – Bangor Municipal Utility | – Jefferson Utilities |
| – Beloit Utilities | – Maple Bluff Water and Sewer Utility |
| – Brownsville Water & Sewer Utilities | – McFarland Water & Sewer Utilities |
| – Cedarburg Light & Water Commission | – Milwaukee Metropolitan Sewerage District |
| – City of Springfield, IL – Electric Light and Power | – Milwaukee Water Utility |
| – City of Springfield, IL – Water Utility | – Muscatine Power & Water |
| – Columbus Sewer Utility | – New Holstein Utilities |
| – Cumberland Utility | – Oak Creek Water & Sewer Utilities |
| – Deerfield Water & Sewer Utilities | – Port Washington Water & Wastewater Utility |
| – DeForest Utilities | – Public Service Commission of Wisconsin |
| – Delavan Lake Sanitary District | – Reedsburg Sewer Utility |
| – Detroit Water and Sewer District | – Richland Center Utilities |
| – Fairwater Water & Sewer Utility | – Sheboygan Water Utility |
| – Focus on Energy program | – Stevens Point Water & Sewerage |
| – Fox Lake Water & Sewer Utility | – Sun Prairie Utilities |
| – Friendship Water & Sewer Utilities | – Union Grove Utilities |
| – Green Lake Sanitary District | |
| – Janesville Utilities | |
| – Jefferson Sewer Utility | |

Baker Tilly proposal for professional auditing services

Andrea Jansen, CPA, CFE

Andrea Jansen has been with the firm since 2005 and serves as a partner with the firm's public sector practice.



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Education

University of Wisconsin-Madison
 Master of Accountancy
 Bachelor of Business Administration, accounting

Andrea specializes in providing accounting, auditing and IT risk assessment services to the public sector, including municipalities, counties, utilities and school districts. Andrea is the public sector leader for Baker Tilly's technology risk community of practice. She is a certified fraud examiner.

Specific experience

- Partner-in-charge of financial and compliance-related audits of government units including cities, towns, villages and counties, as well as school districts and utilities
- Partner-in-charge of single-audit engagements for municipalities, counties and school districts
- Assists clients in implementing new accounting standards
- Prepares financial statements and other annual reports for government entities
- Provides accounting assistance, agreed-upon procedures and consulting services
- Analyzes transactions, accounting systems and controls related to forensic matters for counties and municipalities
- Performs compliance and financial audits of tax increment financing districts and business improvement districts
- Offers recommendations on accounting policies and procedures to strengthen internal controls
- Licensed CPA in Wisconsin, Illinois and Massachusetts

Industry involvement

- American Institute of Certified Public Accountants
- Wisconsin Institute of Certified Public Accountants
- Wisconsin Government Finance Officers Association
- Presenter – University of Wisconsin-Green Bay, Clerks and Treasurer's Institute – "Fraud in government" (2018, 2017, 2016)
- Presenter – Governmental Accounting Standards Board Update – "Wisconsin cities and villages and the league of Wisconsin municipalities' clerks, treasurers and finance officers institute" (2015)

Baker Tilly proposal for professional auditing services

Andrea Jansen, page 2

Continuing professional education

- Cybersecurity oversight: the board and C-suite's perspectives
- Transitioning between SOC reports: How a SOC 2 can benefit organizations currently receiving a SOC 1
- Managing cyber threats: Developing a sustainable cybersecurity program to address your unique risks
- SLG Ethics / Fraud Training
- Compliance Supplement and Single Audit Update
- Developments in Independence and Ethics
- Agreed Upon Procedures for Governments
- Overview of Forensic Accounting
- WICPA Member Focus Group
- Single Audit Updates

Partial client list

- City of Baraboo
- City of Fort Atkinson
- City of Middleton
- City of Milwaukee
- City of Omro
- City of Sun Prairie
- City of Waupun
- City of West Bend
- La Crosse County
- Marquette County
- Rock County
- Town of Lodi
- Town of Madison
- Village of Bellville
- Village of Fairwater
- Village of Hustisford
- Village of Pleasant Prairie
- Village of Saukville
- Village of Theresa
- Waukesha County

Baker Tilly proposal for professional auditing services

Mark Heroux, J.D.

Mark Heroux, principal in the tax services group at Baker Tilly, joined the firm in 2008.



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Principal

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Education

Juris Doctor
University of New Hampshire (Concord, New Hampshire)

Bachelor of Arts
Colby College (Waterville, Maine)

He has more than 30 years of tax experience working with tax-exempt organizations. Mark leads the tax-exempt practice for Chicago and Milwaukee.

Specific experience

- Provides advice on tax-exempt entity formation, operations
- Provides advice and representation on federal and state examinations of tax-exempt entities
- Advises clients on state and federal entity taxation with an emphasis on risk management, ASC 740 planning and compliance, FAS 109 determinations, and other reporting and disclosure issues
- Practice leader in alternative dispute resolution, including arbitration and mediation
- Provides advice on endowments, private foundations, unrelated business activities, alternative investments, private inurement, governance, transfer of assets from tax-exempt to taxable related entities, conflicts created by officers and directors serving tax-exempt and taxable related entities, and many other issues that confront tax-exempt organizations

Industry involvement

- American Institute of Certified Public Accountants, Tax Practice and Procedure Committee
- Chicago Tax Club
- American Bar Association, Tax Section
- Illinois CPA Society

Continuing professional education

- Update on TCJA and its impact on §163(j)
- Independence Common and Current Items
- GILTI: What you NEED to know
- What Wayfair means to clients
- Untangling Tax Reform
- Written and Oral Communications with the IRS

Baker Tilly proposal for professional auditing services

Amanda R. Blomberg, CPA

Amanda Blomberg, firm director in the state and local government group, has been with Baker Tilly Virchow Krause, LLP since 2000.



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Education
 University of Wisconsin – Eau Claire
 Bachelor of Business Administration in Accounting

Amanda specializes in providing financial audit, single audit and consulting services to governments. She also provides federal award compliance audits and consulting for foreign universities and for-profit entities.

Specific experience

- Directs financial audit and accounting engagements for cities, villages and counties in Wisconsin and Illinois
- Directs single audit engagements for municipalities and counties, including the City of Chicago and City of Milwaukee
- Directs federal award compliance audit engagements and consulting projects for for-profit entities and foreign universities
- Helps clients research and implement new accounting standards
- Provides Uniform Guidance implementation assistance
- Prepares and reviews financial statements and other statutory reports
- Assists municipalities with various accounting issues and questions
- Presents financial results and information to governing bodies
- Develops single audit work programs and leads training for the firm's single audit practice as a firm Professional Practice Leader
- Reviews quality of peer review engagements for the AICPA
- Speaks at local and regional conferences
- Authors articles for the public sector newsletter and presents for the state and local government webinar series
- GFOA CAFR reviewer
- Licensed CPA in Wisconsin and Illinois

Industry involvement

- American Institute of Certified Public Accountants (AICPA)
- Wisconsin Institute of Certified Public Accountants (WICPA)
- Wisconsin Government Finance Officers Association (WGFOA)
- AICPA Single Audit Advanced Certificate holder
- AICPA Peer Review Oversight – Single Audits

Baker Tilly proposal for professional auditing services

Amanda R. Blomberg, page 2

Continuing professional education

- AICPA national governmental conferences and training programs
- WICPA governmental accounting updates
- WICPA “Accounting, Auditing and Financial Management Update”
- Various AICPA single audit webinars
- Accounting and auditing 2013 “ASL Inspector Training” (Baker Tilly)
- GASB seminars
- “IT Risk Assessment Standards (RAS) Training for Auditors” (Baker Tilly)
- “City of Chicago Ethics Training” (Baker Tilly)
- “Information Technology Risk Assessment Concepts for Financial Audit” (Baker Tilly)
- “Succession Planning: Why It’s Still Relevant” (Baker Tilly)
- “Independence: Historical Insights and Today’s Rules”
(Becker Professional Education)
- “Common Fraud Schemes in Governments” (Baker Tilly)
- Energy and utilities training sessions (Baker Tilly)
- Government Financial Officers Association (GFOA) conferences and training programs including Generally Accepted Accounting Principles (GAAP) updates
- Wisconsin GFOA conferences and meetings
- Accounting and auditing updates sponsored by Baker Tilly
- Numerous single audit training sessions

Partial client list

- Chicago Public Schools
- City of Chicago
- City of Columbus
- City of Janesville
- City of Juneau
- City of Kewaunee
- City of Milwaukee
- City of Reedsburg
- City of Seymour
- Dane County
- Illinois Department of Commerce and Economic Opportunity
- Racine County
- Sauk County
- Village of Cottage Grove
- Village of Germantown
- Walworth County
- Washington County
- Wisconsin Department of Administration

Baker Tilly proposal for professional auditing services

Vasvi R. Joshi, CPA

Vasvi Joshi, senior manager with the public sector practice group, has been with Baker Tilly since 2005.



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Education
 Master of Commerce in Accountancy and Auditing
 Gujarat University–India

She specializes in providing accounting and auditing services to municipalities. Vasvi also has experience in financial and single audits of municipalities and counties as well as tax incremental financing (TIF) audits.

Specific experience

- Manages financial audits of governmental units including cities, towns, villages and counties
- Provides TIF and business improvement district (BID) auditing, reporting and consulting services
- Helps clients implement new accounting standards
- Provides a variety of accounting assistance to municipalities
- Presents financial and audit reports to government bodies and committees
- Prepares financial and state reports for governmental entities
- Manages single audits of federal and state awards in accordance with Uniform Guidance
- Performs agreed upon procedures engagements
- Leads the state and local government annual technology changes
- Manages the CaseWare Power User team that updates various public sector templates

Continuing professional education

- Tax Increment District Training
- TIF Compilation Training
- Internal Control and Fraud in Governmental and Nonprofit Entities
- SSARS Update
- Annual Governmental GAAP Update
- The new Other Postemployment Benefits (OPEB)
- WGFOA Winter Conference
- Ethics for CPAs
- Single Audit Updates

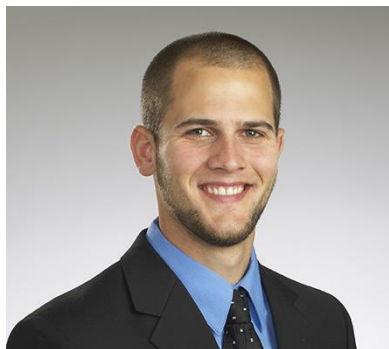
Partial client list

- | | |
|---------------------|---------------------|
| – City of Delavan | – City of Milwaukee |
| – City of Fitchburg | – City of Stoughton |
| – City of Jefferson | – City of Verona |
| – City of Madison | – City of Watertown |
| | – Green County |

Baker Tilly proposal for professional auditing services

Ryan J. O'Donnell, CPA

Ryan O'Donnell, manager with Baker Tilly, joined the firm in 2011.



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Manager

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Education

University of Wisconsin – La Crosse
Bachelor of Science in Accountancy and Finance

Ryan is a member of the energy and utilities team and specializes in providing auditing and accounting services to public utility clients.

Specific experience

- Provides financial audits of electric, water and sewer utilities
- Compiles financial statements for utility clients
- Prepares annual reports for the Public Service Commission
- Assists utilities in establishing financial and operational controls
- Provides consulting services to public utilities
- Analyzes and conducts utility rate studies
- Participates in utility contract compliance and internal audit engagements
- Provides Uniform Guidance compliance audits of federally funded programs
- Assists clients with implementation of new GASB standards

Industry involvement

- American Institute of Certified Public Accountants (AICPA)
- Wisconsin Institute of Certified Public Accountants (WICPA)

Continuing professional education

- Baker Tilly, Quarterly accounting and assurance update
- Baker Tilly, Assurance conference (annual)
- Baker Tilly, Utility University
- Baker Tilly, Various Public Sector trainings
- Government Financial Officers Association (GFOA) – Quarterly updates
- Thomson Reuters: AuditWatch – Levels 1 – 4

Partial client list

- DeForest Utilities
- Focus on Energy Program
- Fox River Water Reclamation District
- Muscatine Power & Water
- Oak Creek Water & Sewer Utilities
- Sacramento Municipal Utility District
- Union Grove Utilities

Baker Tilly proposal for professional auditing services

Paul M. McEville

Paul McEville, senior accountant with Baker Tilly, has been with the firm since 2014.



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Senior Accountant

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Education

Master of Professional Accounting
Bachelor of Business Administration in Accounting
University of Wisconsin-Whitewater

Paul is a member of the state and local government team and specializes in providing auditing and accounting services to state and local government entities. Clients consist of municipalities, counties and other governmental agencies.

Specific experience

- Prepares financial statements and State Report form C for state and local governments
- Provides auditing and accounting services consisting of planning, fieldwork, and audit completion for government units including cities, towns, villages and counties
- Assists with single audit planning, reporting and compliance testing of governmental units including cities, towns, villages and counties

Continuing professional education

- SLG Financial Statement Preparation Training
- Common Single Audit Deficiencies
- Internal Control Over Governmental Financial Reporting
- Single Audits Under the Uniform Guidance
- Yellow Book and Single Audit Deficiencies
- Independence Common and Current Items
- SLG Ethics / Fraud Training
- Single Audit Methodology Training

Partial client list

- City of Baraboo
- City of Madison
- City of Schofield
- Dane County Housing Authority
- Lafayette County
- Stoughton Housing Authority
- Town of Pleasant Springs
- Town of Springfield
- Waukesha County

Baker Tilly proposal for professional auditing services

Casandra Chase, CPA

Casandra Chase, senior accountant with Baker Tilly, has been with the firm since 2015.



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Education

Bachelor of Science, Accounting and Management
University of Wisconsin-La Crosse

Casandra is a member of the public sector group, specializing in audit services for governmental clients, including municipalities, airports and school districts.

Specific experience

- Performs audit services for municipalities, school districts and other governmental entities
- Performs internal control testing following risk assessment standards
- Performs single audits of federal awards in accordance with Uniform Guidance
- Compiles work papers necessary to execute audits
- Assists entities with implementation of new Governmental Accounting Standards Board (GASB) standards

Continuing professional education

- Public Sector Winter Accounting and Auditing Update
- Performing Single Audits Under the Uniform Guidance for Federal Awards
- Public Sector Accounting and Auditing Planning Webinar
- OMB Compliance Supplement Update for Single Audits

Partial client list

- City of Beloit
- City of Edgerton
- City of Madison
- City of Middleton
- City of Omro
- Dane County
- Rock County
- Town of Hartford
- Village of Deerfield
- Village of Mount Horeb
- Winnebago County (IL)

Baker Tilly proposal for professional auditing services

Megan M. Cahill, CPA

Megan Cahill, senior accountant with Baker Tilly, has been with the firm since 2015.



Baker Tilly Virchow Krause, LLP

Senior Accountant

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Education

Bachelor of Science in Accountancy
University of Wisconsin – La Crosse

Megan specializes in providing accounting and auditing services to municipal transit and utility clients.

Specific experience

- Performs audit services for municipalities, transit organizations, school districts and other governmental entities
- Performs internal control testing following risk assessment standards
- Performs single audits of federal awards in accordance with Uniform Guidance
- Compiles work papers necessary to execute audits
- Assists entities with implementation of new Governmental Accounting Standards Board (GASB) standards

Continuing professional education

- Baker Tilly, Performing single audits under the Uniform Guidance for federal awards
- Baker Tilly, Single audit methodology training
- Baker Tilly, Utility University
- Baker Tilly, Valued Business Advisor training

Industry involvement

- Wisconsin Institute of Certified Public Accountants

Partial client list

- Big Cedar Lake Rehab District
- City of Janesville Transit and Utilities
- Juneau Utility Commission
- Laurentian Energy Authority
- Metro Transit System
- Milwaukee Metropolitan Sewerage District
- Sauk City Water, Light & Sewer
- Stevens Point Transit and Utilities

Baker Tilly proposal for professional auditing services

Ryan Theiler, CPA

Ryan Theiler, senior accountant with Baker Tilly, has been with the firm since 2016.



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Senior Accountant

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Education

University of Wisconsin – Eau Claire
Bachelor of Business Administration in Accounting,
Certificate in Information Systems

Ryan specializes in serving audit clients within the energy and utilities team.

Specific experience

- Provides financial audits of electric, water, stormwater and sewer utilities
- Compiles financial statements for utility clients
- Prepares electric, water, sewer and stormwater rate filings, cost of service studies and rate design
- Compiles municipal utility financial statements and annual reports to regulatory agencies
- Provides various accounting services

Continuing professional education

- Baker Tilly, Performing single audits under the Uniform Guidance for federal awards
- Baker Tilly, Single audit methodology training
- Baker Tilly, Utility University
- Baker Tilly, Valued Business Advisor training

Industry involvement

- American Institute of Certified Public Accountants

Partial client list

- Grand River Dam Authority
- Hilldale Sanitary District
- Modesto Irrigation District
- Pike Lake Utility District
- Sextonville Waterworks Sanitary District
- Sumner Municipal Light and Power
- Waupun Utilities

Baker Tilly proposal for professional auditing services

Cameron R. Sawyer, CPA

Cameron Sawyer, senior accountant with Baker Tilly, has been with the firm since 2017.



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Education
 Bachelor of Science in Accounting
 University of Wisconsin-La Crosse

Cameron is a member of the public sector practice, specializing in audit services for governmental clients, including municipalities and school districts.

Specific experience

- Performs audit services for municipalities, school districts and other governmental entities
- Performs internal control testing following risk assessment standards
- Performs single audits of federal awards in accordance with Uniform Guidance
- Compiles work papers necessary to execute audits
- Assists entities with implementation of new Governmental Accounting Standards Board (GASB) standards
- Licensed CPA in Wisconsin

Continuing professional education

- Public Sector Winter Accounting and Auditing Update
- Performing Single Audits Under the Uniform Guidance for Federal Awards
- Public Sector Accounting and Auditing Planning Webinar
- OMB Compliance Supplement Update for Single Audits

Partial client list

- City of Beloit
- Chicago Public Schools
- City of Fort Atkinson
- City of Fox Lake
- City of Janesville
- City of Madison
- City of Reedsburg
- City of Stevens Point
- City of Verona
- Dane County
- Green County
- La Crosse County
- Village of Cottage Grove

Baker Tilly proposal for professional auditing services

Tab 10 Project team

The people we have chosen to continue to serve you are experienced personnel who not only have worked with the City for many years, but who routinely deal with complex client situations in the government environment. They have the knowledge and experience to work with the City's departments in a responsive and constructive manner, and bring to the engagement the necessary balance of technical discipline, innovation and practical thinking. As a team, they will continue to conduct a highly coordinated audit of the City of Madison.

We are sure that you will be very pleased to continue to see many of the same faces year after year. The staff assigned to your audit is shown in the organization chart in Tab 9. Staff resumes (also in Tab 9) detail relevant experience, continuing education for the past three years, and memberships in professional organizations relevant to the performance of this audit.

Our overall effort and coordination will be under the direction of Carla Gogin. Please refer to Carla's resume in Tab 9 for her qualifications. She will be actively involved throughout the audit engagement.

To help you respond to and prepare for change, we are actively involved in local and national associations, keeping us on the leading edge of what is happening in our industry. Our memberships in the following organizations and our involvement as authors, speakers, trainers and promoters of governmental accounting and auditing help us actively assist you with the implementation of new regulations or the adoption of new standards. Because of this active involvement, we are able to provide the City with timely and relevant industry information. It also allows for us to be a sound resource to the City as complex or routine accounting and auditing issues arise.

Initiative	Purpose	Membership	Dates
Governmental Audit Quality Center (GAQC)	Promotes the importance of quality governmental audits, serves as a resource to member firms, provides members with online tools for sharing ideas and recognizes CPA firms that demonstrate a commitment to governmental audit quality	Baker Tilly Virchow Krause, LLP	Since its inception
Governmental Audit Quality Center (GAQC) Executive Committee	Governs the GAQC, develops the policies of the GAQC and oversees GAQC activities; also meets twice annually in conjunction with the Single Audit Roundtable (SART), which includes federal inspectors general, federal agencies and CPA firms	Heather Acker, Partner (Tom Scheidegger, a retired audit partner, 2007 – 2010)	2012 – 2015
Technical Issues Committee (TIC)	A committee of CPA practitioner volunteers who represent the views of local firms and small-to medium-size governments in the standards setting process	Vicki Hellenbrand, Partner, GASB TIC member; Dave Johnson, Partner, FASB TIC member	2013 – present

Baker Tilly proposal for professional auditing services

Initiative	Purpose	Membership	Dates
State and Local Government Expert Panel	Serves the needs of AICPA members regarding financial and business reporting and audit and attest matters; protects the public interest by bringing together knowledgeable parties in the state and local government industry to deliberate and come to agreement on key state and local government issues	Heather Acker, Baker Tilly Partner, 2009 – 2012 and 2015 – present (current chair); Carla Gogin, 2012 – 2015; Don Rahn, retired Baker Tilly partner, 2004 – 2008	2012 –present
Auditing Standards Board (ASB)	The AICPA's senior committee for auditing, attestation, and quality control applicable to the performance and issuance of audit and attestation reports for non-issuers	Jere Shawver, Partner Kim Tredinnick, Partner	2015 – present 2010 – 2013
Peer Review Oversight Reviewer – Single Audits	Monitor the quality of peer reviews performed on OMB single audits	Heather Acker, Partner (Tom Scheidegger, a retired audit partner, 2014)	2014 – present
Peer Review Board	The AICPA's Peer Review Board promulgates the peer review standards and oversees the administration of the peer review program.	Jeff Gendreau, Partner	2017 – present
National Peer Review Committee (NPRC)	The NPRC is the administering entity for all firms that are required to be registered and inspected by the PCAOB or for firms that perform work under PCAOB standards.	Jeff Gendreau, Partner	2011 – present

Baker Tilly doesn't just belong to these organizations. We are active members who serve on committees and support the organizations with our time and funds. For example, Heather Acker, Baker Tilly's Public Sector Professional Practice Leader, is the Chair of the AICPA's State and Local Government Expert Panel. Heather was also a member of the Government Audit Quality Center (GAQC) Executive Committee. Partner Carla Gogin is a former member of this panel. Heather Acker also served on GASB's fiduciary activities implementation guide consultative group during 2018. In the fall of 2018, she was appointed to GASB's Tribal Government Accounting Working Group (TGAWG). Partner Vicki Hellenbrand is a member of AICPA's GASB Technical Issues Committee.

Baker Tilly state and local government partner Wendi Unger, based in our Milwaukee office, is the current chair-elect of the WICPA Board of Directors and also sits on the Wisconsin Policy Forum Board of Directors.

Baker Tilly proposal for professional auditing services

GFOA Certificate of Achievement Program

You require a firm whose clients excel in receiving the Certificate of Achievement from the GFOA. Baker Tilly is that firm. We continue to be heavily involved with the GFOA award for excellence in financial reporting by volunteering staff time to serve as report reviewers for the GFOA. According to the GFOA, **we have more reviewers than any other firm in the nation¹**. Below is a list of our current GFOA reviewers.

Amanda Blomberg, Firm Director	John Compton, Jr., Partner	Ryan Engelstad, Partner
Carla Gogin, Partner	John Rader, Firm Director	Steve Henke, Senior Manager
Cheryl Puhl, Partner	Joseph Lightcap, Partner	Vicki Hellenbrand, Partner
Heather Acker, Partner	Kim Shult, Partner	Wendi Unger, Partner
Jason Coyle, Partner	Michael Malatt, Senior Manager	
Jodi Dobson, Partner	Paul Frantz, Partner	

With this kind of depth, you can be sure we have the experience to work with the City to produce a quality Comprehensive Annual Financial Report.

A list of our clients who have received the GFOA award can be found on page 16.

1. Source: GFOA, [Reviewers of 2017 Fiscal Year End CAFRs](#)

Transit experience

Baker Tilly is a leader in providing auditing and related services to the Wisconsin transit industry. Partner Jodi Dobson has worked with transit organizations, including Metro Transit for nearly 20 years. Baker Tilly has provided audit services to mass transit agencies for more than 30 years, and we are familiar with the special requirements of the Federal Transit Administration as well as single audits and agreed-upon procedures related to National Transit Database (NTD) reporting. **Currently, we are working with eight Wisconsin transit systems, four Illinois transit districts, and one transit district in Iowa, Michigan and Texas each.** Our services to these mass transit agencies include financial audits, federal and state single audits, and NTD certifications where required.

We are committed to working with you to continue to identify ways to improve operations and/or financial results. Over the years we have worked with our clients on the following:

- Compliance and regulatory audits (OMB Uniform Guidance)
- Compliance with Federal Transit Administration requirements and NTD reporting
- Accounting and reporting for employee benefit plans and other post-employment benefits (OPEB) trust funds
- Implementation of new accounting standards
- Accounting for long-term leases funded with capital grants
- Restricted asset requirements, including those restricted through debt resolutions and regulatory bodies
- Advance refunding, crossover refunding and other debt alternatives
- Asset impairments, asset retirement obligations and intangible assets
- Derivatives related to interest rate, fuel contracts and fair value accounting

Water, wastewater, and storm water utility experience

Jodi Dobson will also be the partner-in-charge of the water, sewer and storm water utility portions of the audit. Baker Tilly is a leading provider of auditing and consulting services to the Wisconsin water, wastewater and storm water utility industry. Our list of satisfied clients includes large and small organizations such as Janesville, Oak Creek, Reedsburg, Beloit, Stevens Point, Eau Claire, Sheboygan, Milwaukee, Milwaukee Metropolitan Sewerage District and many others.



Baker Tilly proposal for professional auditing services

Baker Tilly provides routine consultations throughout the year to the Water Utility. The partners and managers on your audit team are available to management throughout the year. Over the past several years we have been contacted by management for insights on a variety of topics including:

- Treatment of pension and OPEB costs in regulatory reporting to the PSCW and rate recovery
- The history of the statutory PILOT calculation and accounting for this in Wisconsin
- The joint metering allocation as outlined by the Public Service Commission to be charged by the water utility to the sewer utility
- The inclusion of new and unique transactions within the joint sewer/landfill debt coverage calculation
- The classification of billed vs. unbilled revenues within the various utilities for consistency
- Proper classification of assets which are jointly constructed to benefit multiple governments
- Sales tax as it applies to advertising services, space and products

We are committed to the utility industry. More than 600 public and investor-owned utility organizations are served by Baker Tilly's energy and utilities team. We have nationally recognized utility experience, providing services to utilities in 46 states, Canada and Guam. Our largest utility client has \$3.5 billion in operating revenues. Our staff understands your need to balance ever-changing regulations with tight budgets and industry trends in water usage. With our level of industry experience and specialization, you can be assured of valuable, on-target insights.

Baker Tilly professionals also act as educators and thought leaders for the sector by instructing for national associations and serving as regional industry trainers, as well as providing strategic direction for some of the country's largest utilities. Our managers and partners are actively involved with the Wisconsin Rural Water Association and the American Water Works Association.

Due to our work with more than 100 water and wastewater utilities in Wisconsin, we have an in-depth understanding of how the unique regulation of the municipal water industry in this state impacts the utilities and their day-to-day operations. Jodi Dobson frequently discusses new and proposed GASB statements with the PSCW, such as GASB 68 on pension, GASB 75 on OPEBs and GASB 87 on lease accounting, as the commission staff considers the implications of these new standards on regulatory reporting and ratemaking.

Members of your audit team have extensive experience working with electric, water and wastewater utilities in Wisconsin, including preparing and reviewing rate studies, preparing PSC Annual Reports, educating and advising client staff regarding accounting requirements of the PSC, and auditing of complex transactions including utility plant and debt transactions.

Our staff is skilled in auditing utility specific information including, but not limited to, the following:

- | | |
|--|---|
| – Regulatory accounting and regulatory assets | – Unitization |
| – Smart grid and smart metering technology | – Developer contributions |
| – Transmission and power supply arrangements | – Customer advances |
| – Derivative accounting | – Tax equivalent |
| – Joint ventures | – Application of proper rates per approved rate tariffs |
| – Restricted asset requirements, including those restricted through debt resolutions and Department of Natural Resources | – Purchased Cost Adjustment Clause (PCAC) |
| – Utility billing receivables | – Public fire protection |
| – Utility inventory | – Joint metering allocation between water and sewer utilities |
| – Plant accounting | – Purchased power analysis |
| – Job costing | |

Baker Tilly proposal for professional auditing services

Community Development Authority (CDA) experience.

Members of our audit team have significant experience with the public housing and community development authority issues affecting the City. The City has TIF financing through CDA lease revenue debt, Public Housing Asset Management systems, REAC Financial Data System, and WHEDA reporting requirements, all of which we have experience with at the City and other clients. Members of our construction and real estate team have experience with HUD projects and can also provide assistance to the CDA.

Experience preparing financial statements and reports for Tax Increment Financing (TIF) districts

The team members assigned to the City's audit are very familiar with Wisconsin state statute 66.1105 Tax Incremental Finance. We provide audit, compilation and consulting services for hundreds of TIF districts annually. We audited some of the first TIF districts in the state going back to 1977 and performed 110 TIF audits in just the last three years. In March 2016, there were changes to the TIF laws which affected the City's TIF financial reporting requirements. We worked with the Wisconsin DOR to fully understand the impact of the reporting changes.

Since we began working with the City, we have provided audit services for 35 TIF districts (6, 13-17, and 19-47). This includes compliance audits of TIF districts when they are created and amended, financial audits for all active TIFs on an annual basis, and close-out audits of various TIFs. We also worked with the City to implement GASB 77, which affected several TIF districts within the City.

As you know, a proactive TIF strategy can help you maximize your TIF to achieve tax base enhancement, job creation and business development. Our staff of economic development, real estate and financial specialists helps local governments develop community-driven TIF approaches to investing public funds in meaningful development projects that meet community objectives and create catalytic economic impact. Baker Tilly is with clients every step of the way to evaluate developer performance, perform ongoing financial reviews and auditing, and identify creative solutions to underperforming districts. We are proud of our work with municipalities to transform communities via TIFs and other tools to help communities prepare for and attract quality investment.

Key project team staff and project manager

Please see our professionals' resumes (Tab 9) for qualifications, experience, and training of relevance to the City's engagement. Past projects are described in Tabs 6 and 7. Baker Tilly understands that the City reserves the right to approve or reject replacements of the engagement partner, managers or other supervisory staff. We also understand that we may change other audit personnel at our own discretion provided that replacements have substantially the same or better qualifications or experience.



Employee satisfaction fosters team continuity

We keep turnover low — and engagement teams intact — by striving to be an employer of choice for talented, committed individuals. In fact, Baker Tilly was recognized as one of the best places to work in several of our offices locally and nationally.



Our low turnover rate means we can continue to offer a team that is likely to serve you for many years. Our clients appreciate the fact that they get to know the Baker Tilly employees they work with year after year and that they do not have to educate new personnel constantly. Our high level of continuity translates into people who really understand the intricacies of your organization, meaning they are in a position to offer opinions, advice and insight that are more meaningful to the City. If an employee on your engagement team leaves Baker Tilly, the size of our practice allows us to quickly deploy a replacement with a comparable level of industry and service line experience, thereby minimizing any disruption to your engagement.



Baker Tilly proposal for professional auditing services

Tab 11 Audit approach

Financial and compliance audit segments

The City is requesting audit proposals for the fiscal years ending December 31, 2019 through 2021 with the option to extend for two additional years. The scope of our audit includes an audit of the basic financial statements and a compliance audit of federal and state awards. Our audits will be performed to meet all performance specifications listed in the RFP.

Our audit will be made in accordance with generally accepted auditing standards (GAAS) as promulgated by the American Institute of Certified Public Accountants (AICPA); the AICPA audit guide, Audits of State and Local Governmental Units; Government Auditing Standards issued by the U.S. General Accountability Office; OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); the State Single Audit Guidelines.; Wis. Admin Rule Tax 16 and the Public Service Commission of Wisconsin.

The primary purpose of the audit is to express an opinion on the financial statements of the City. Such an audit is subject to the inherent risk that errors or irregularities may not be detected. If conditions are discovered that lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, Baker Tilly will promptly advise members of the governing body, any grantor(s) requiring such reporting, and any other required parties.

Baker Tilly will provide all reports as listed in Figure 2-3 of the RFP.

Audit plan methodology

We strive to provide quality audit, accounting, and advisory services to our clients. Using integrity, objectivity, competence, and due care, our personnel will conduct your engagement professionally and on time. Our objectives:

- Provide Exceptional Client Service from a consistent team of individuals on a year-to-year basis
- Construct audit programs to streamline year-end procedures and improve value
- Issue audited financial statements within a timeframe that meets or exceeds management's expectations
- Utilize Baker Tilly resources to present a meaningful management letter
- Inform you of current and anticipated changes in professional standards that could affect you

Baker Tilly proposal for professional auditing services

Audit methodology

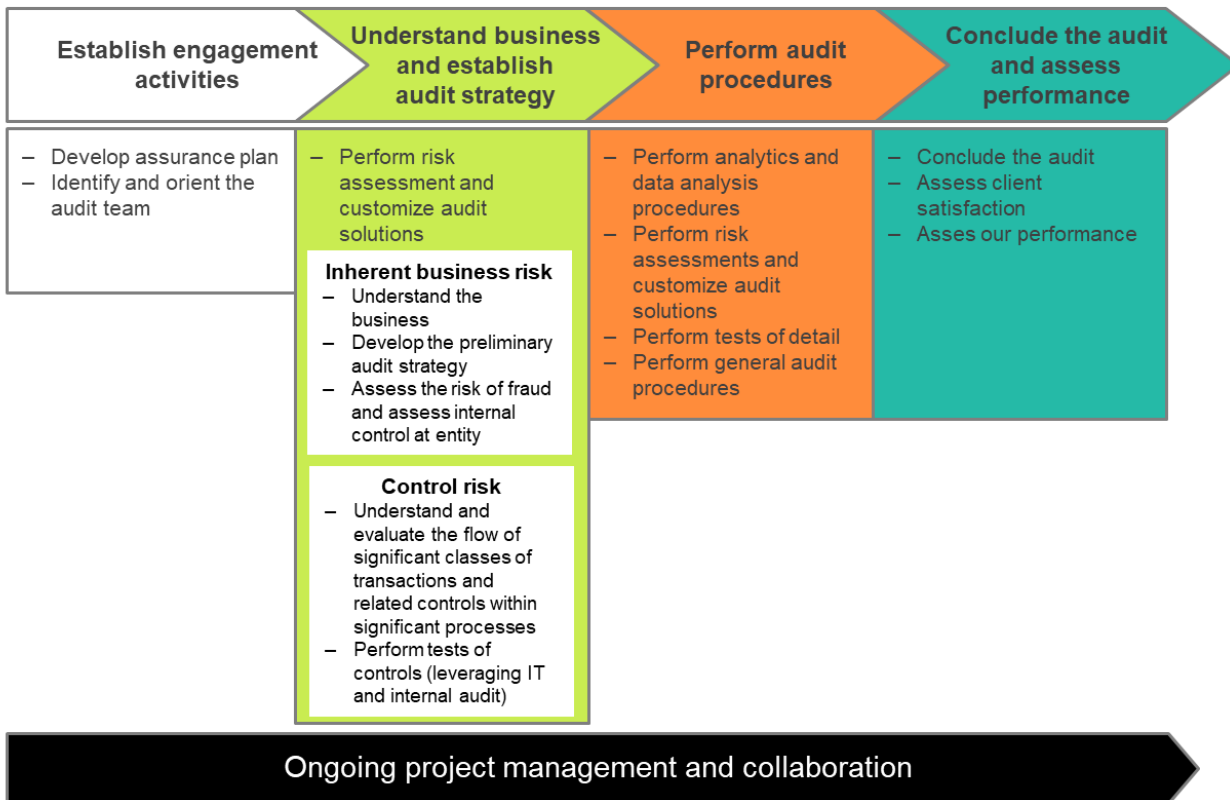


Figure 11.1 Audit Methodology

Financial audit approach

Our audits are divided into four main phases: planning, interim audit work, year-end audit work, and reporting. A description of each of the areas follows.

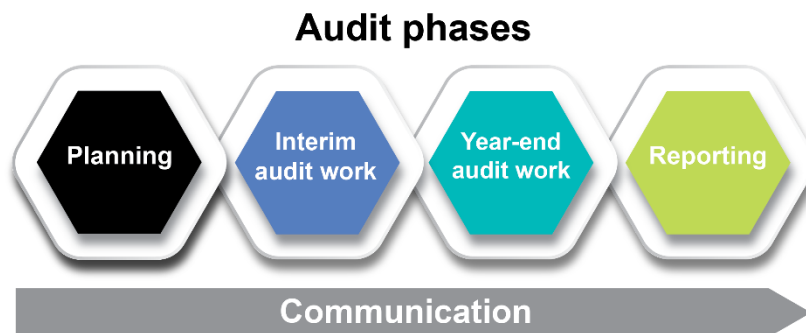


Figure 11.2 Audit phases

Baker Tilly proposal for professional auditing services

Planning: This phase will commence with a joint meeting between Baker Tilly and the City. This meeting is important to ensure a coordinated audit and will cover our preliminary plan for conducting the audit to meet the City's timing requirements and reporting issues.

Interim audit work: During this phase, we will document your systems and perform tests of controls to evaluate their effectiveness. We will also update certain documents for our permanent files. Cash, receivables and other confirmation requests will be selected and we will work with City personnel to finalize the timing of final audit fieldwork. In addition, we will perform the risk assessments required to determine our audit approach and related audit procedures. At the conclusion of interim work, we will provide the City with a list of items needed for the year-end work and meet with management to provide a status update.

Year-end audit work: At this phase, we anticipate that the City's accounting personnel will have prepared a trial balance of its year-end general ledger accounts and completed the working papers agreed upon during planning. This phase includes substantive audit procedures that involve obtaining or examining evidence to verify the propriety of such balances. At the conclusion of the audit fieldwork, we will meet with members of the management team to discuss the results of the audit.

Reporting: The final phase involves the independent partner quality control review of your financial statements and completion of the report on internal control and other required reports. If the City should desire, we will conclude with presenting findings to the Finance Committee. We will adhere to the report timelines you outlined in your RFP.

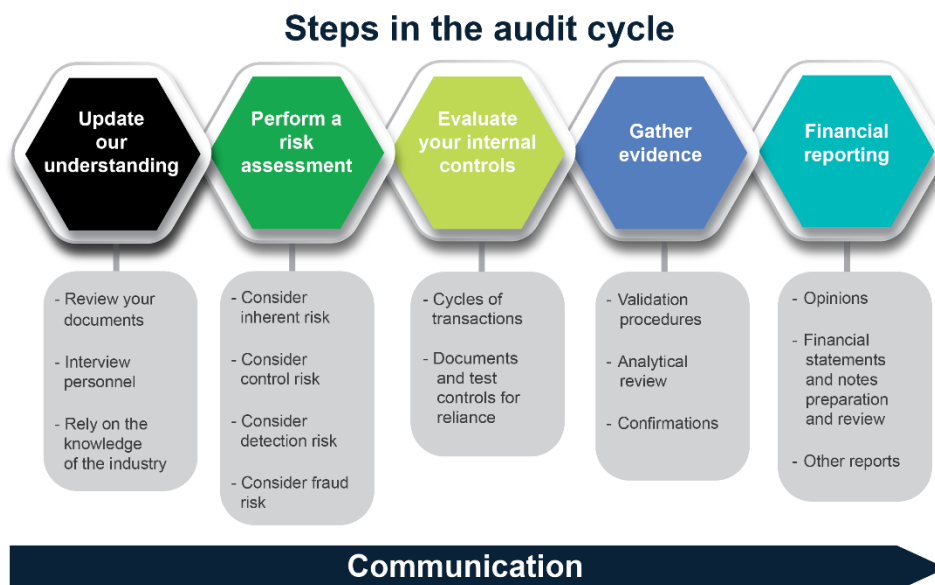


Figure 11.3 Steps in the audit cycle

Our techniques include:

- Identifying key risk areas, allowing us to properly concentrate our efforts
- Designing predictive tests that define our financial expectations prior to starting fieldwork
- Leveraging City-specific knowledge to create tests for your operations
- Deploying an experienced team to maximize our knowledge of the City

You can expect to receive a quality financial audit without unnecessary procedures or working papers. Before completing internal planning, we will discuss our approach with you and modify our plans, as appropriate.

Baker Tilly proposal for professional auditing services

1. Segmentation of the engagement

We have a proven audit approach that is tailored to the City of Madison and includes 10 work segments of the audit. Refer to the organization chart in Tab 9, which details the various audit teams and their respective focus areas. Figures 11.1, 11.2 and 11.3 in this tab detail our audit methodology, the audit phases and the steps in the audit cycle. The following are the general audit segments:

- Engagement planning and administration
- Risk assessment and internal control evaluation, including IT
- Cash and investments
- Revenue
- Expenditures
- Property
- Inventory
- Financing/equity
- Financial reporting
- Single audit

In addition to the general audit segments noted above, we also use audit programs specifically tailored for the water, sewer, storm water and transit funds as well as the tax incremental financing districts and business improvement district to achieve proper coverage for purposes of the auditor's opinion.

2. Level of staffing

Refer to Form F on starting on page 58 for the staff hour detail.

The total audit hours are based on actual hours. Our commitment to providing experienced personnel to the City's audit is indicated by the 1,157 hours, or 58 percent of hours being provided by individuals with three or more years of public sector accounting experience. We believe this allows us to effectively audit the City while minimizing disruptions to City personnel.

3. Meeting deadlines and remaining timely

We are committed to meeting the deadlines established by the City. In order to provide timely information and reports, we have reviewed the staffing needs for the engagement and feel we have matched the capabilities of our personnel with your engagement needs. We will also use the entrance, progress, and exit conferences to keep the City up to date on the status of the audit and status of the information that is prepared by City staff.

As part of the current audit process, we send the City weekly status updates from the beginning of audit fieldwork through report issuance. This update includes the status of all key action items necessary to ensure the overall audit timeline is met. Starting with the 2012 audit, the weekly communication also highlighted issues such as research matters, information requests needed from the City, and engagement review comments that had the potential to delay the issuance of the report. We will continue with this practice with the 2019 audit and beyond. We believe this allowed the City and Baker Tilly to quickly focus on those areas to ensure they were addressed in a timely manner.

4. Gaining and documenting an understanding of the City's internal control structure

Our audit process stresses the importance of evaluating internal controls, especially under the risk assessment standards. We perform a thorough evaluation of the effectiveness of your internal controls in order to perform risk assessments and design a risk-based audit program.

Baker Tilly proposal for professional auditing services

During preliminary work, we will update our understanding of your internal controls, and evaluate and test internal controls over the significant accounting and reporting systems of the City. These evaluations will enable us to determine how much reliance we can place upon the systems for audit purposes and the amount of systems testing and account verification work that may be required.

In addition, all significant suggestions, questions or other comments resulting from these evaluations will be discussed with appropriate personnel. After we have evaluated the internal controls, we will test the flow of data through the systems to determine:

- Whether the data actually follows the prescribed procedures and controls within the system
- The degree of clerical accuracy achieved in recording and summarizing the data

5. Determining laws and regulations that are subject to audit test work

Since the City is required to have a single audit, the audit scope regarding compliance with laws and regulations is substantially broader than a standard audit conducted according to GAAS. We have developed our own approach to satisfy both the single audit and GAAS requirements.

Compliance testing approach

Uniform Guidance requires we test for compliance with laws and regulations that could have a material effect on the allowability of program expenditures. Therefore, we will test financial transactions as well as specific program requirements.

After we have determined which federal and state programs are major, we will develop the approach to test a specific program. We know certain programs incur costs that are administrative in nature, consisting primarily of salaries, wages and fringe benefits. For these programs, we will randomly select a representative sample of payroll costs to test. Our sample will be derived from the personnel assigned to that particular program.

For programs that involve both significant personnel costs and costs from outside sources, our approach would be a combination of the procedures identified above.

Because we are also testing for compliance with administrative laws and regulations, we will be testing representative samples from each major program. Most of our testing will involve the eligibility of persons assisted by that program. We will select case files to review from the City's records of clients served during the period.

OMB's Compliance Supplement identifies 12 significant areas that may apply to each federal award. We rely on Practitioners Publishing Company for general work program guidance and developed our own work programs tailored for the City.

We have developed software to assist with the determination of major state programs funded by the Wisconsin departments of Health Services and Children and Families. This program has helped many of our clients prepare the Schedule of Expenditures of Federal and State Awards.

Audit conducted according to GAAS requirements

Our dedicated team is immersed in the industry, with substantial knowledge of various laws and regulations dealing with government accounting, budgeting, financing and reporting. With this knowledge, we developed our own audit work program, which we will use on the audit. The work program covers such areas as:

- Authorization of depositories and types of allowable investments
- Arbitrage compliance and rebate requirements
- Budgeting procedures and reporting requirements
- Restrictions on expenditures and matching requirements

Baker Tilly proposal for professional auditing services

- Taxing and debt limits
- Compliance with the TIF statutes

In addition, we will obtain information from the management of the City on other significant laws and regulations that could materially affect the basic financial statements in the event of noncompliance.

Audit conducted according to single audit requirements and GAO standards

These standards require we perform additional tests in order to provide reasonable assurance that federal and state award programs are in compliance with laws and regulations governing those programs. We will test all major federal and state programs as well as non-major program transactions selected for other audit purposes.

We will use the following documents for guidance in determining the laws and regulations applicable to the City's federal and state award programs:

- The Single Audit Act Amendments of 1996
- GAO Government Auditing Standards
- OMB Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations or Subpart F of the Uniform Guidance, depending on grant award date
- OMB Compliance Supplement
- Uniform Guidance for Federal Awards
- Code of Federal Regulations
- Catalog of Federal Domestic Assistance
- State Single Audit Guidelines

As a practical matter, most of the significant laws and regulations that affect the City's single audit programs can be found in OMB's Compliance Supplement and the State Single Audit Guidelines.

For any major federal program not listed in the Compliance Supplement and any state program not listed in the Wisconsin State Single Audit Guidelines, we will determine the significant compliance requirements by reading the applicable statutes, grant agreements and policy manuals. We also will contact federal and state agencies for technical assistance, if deemed necessary.

6. Extent of use of EDP software in the engagement

Baker Tilly minimizes fees by conducting a virtually paperless audit using proven processes and Global Focus US, a comprehensive auditing software solution. In addition, we use IDEA, software that creates compatibility between your data and our systems in order to effectively convert and compile information. This investment in technology supports real-time communication — both internally at Baker Tilly and with the City—and provides a seamless trail from initial planning through the final financial statement issuance.

Focus on technology and innovation

Baker Tilly is investing in the future to better serve our clients, pairing technology with the technical skills of our professionals. We invest in cutting-edge software and technologies that incorporate robotic process automation, artificial intelligence and other transformations in a way that dramatically enables our audits.

Dynamic Audit Solution (DAS)

The City will benefit from Baker Tilly's innovation and leadership within the accounting industry. For example, our CEO Alan Whitman has been closely involved with a coalition of firms that aim to develop a DAS for the profession. This [AICPA-led program](#) will set a new standard for the future of auditing based on automation, data analytics and emerging technology.

Baker Tilly proposal for professional auditing services

Extending our leadership role in the profession, the AICPA selected Baker Tilly team members Karen Larsen and Doug Obermann to serve in key positions on the DAS project team to guide the vision, architecture, development and implementation of the program. Their participation allows Baker Tilly to have a significant impact in shaping future audit methodology.



We are working with fellow AICPA-member firms as part of this coalition to move the accounting profession into the future through the development of a Dynamic Audit Solution (DAS). This AICPA-led program aims to set the standard for the audit of the future.

Secure cloud collaboration

Technology plays a central role in maintaining open, clear lines of communication. Our client portal, **Huddle**, offers an easy way to access your documents, transfer data and exchange information with us on a 24/7 basis, when it's convenient for you. This secure online collaborative workspace allows you to share content at any time.

Robotic automation

In collaboration with NICE Robotic Automation, Baker Tilly is piloting Robotic Process Automation (RPA) under the leadership of our Advanced Technology Innovation Director. Working closely with Baker Tilly's Chief Executive Officer, Chief Information Officer, practice leaders and service line innovation committees, the innovation director identifies artificial intelligence and other technology innovations that can be applied to improve our assurance, tax, risk, cybersecurity and consulting service offerings.

We are excited to announce Baker Tilly's first bot is currently piloting for income testing and our innovation team plans to program five bots within the next calendar year. To learn more, please visit nice.com/websites/rpa/.

7. Type and extent of analytical procedures we will use in the engagement

Analytical procedures may range from simple comparisons to complex models involving many relationships and elements of data. Generally accepted auditing standards require the use of analytical procedures in all audits of financial statements.

Our analytical procedures are performed at three points during the audit process — during planning as a tool to assess risk, during fieldwork as a substantive test of account balances and transactions, and during the final review of the financial statements to evaluate overall financial presentation and disclosure.

Analytical procedures are performed during our planning to help us determine where we might need to focus additional attention.

Analytical procedures are performed as a substantive test using the City's trial balance and budget report prior to audit entries. In-charge auditors review the current-year information and compare it to prior-year actual amounts, the current budget and other expected results. Variances to our expectations — figures that exceed a predetermined threshold level, both from a percentage and from a dollar amount perspective — are highlighted for further investigation. This investigation includes reviewing detail transactions, vouching a sample of transactions, discussions with management and validation techniques. Explanations of variances are documented in our file, and the results are used to determine the extent of any additional audit testing. Final analytical review takes place after all audit entries are posted during the preparation of the financial statements. Variances in financial statement line items are analyzed to evaluate consistency of financial statement presentation and disclosures.

Baker Tilly proposal for professional auditing services

8. Drawing audit samples for purposes of tests of compliance

Our testing of compliance and internal control over compliance will follow the requirements of the AICPA sampling guidance. Each major program tested during the single audit will have samples pulled for each of the applicable compliance requirements. The sample sizes will depend on the number of transactions in the population.

9. Auditing distinct departments

We realize that some departments act as cash collection points for various City revenues. Also, some departments input their own payroll and other information into the central computer system. We see the same situation at many of our larger clients. To provide proper audit coverage for these departments, we have designed a separate questionnaire regarding the collection and handling of cash by City departments. We realize that there may be times when it is appropriate for a department to collect City revenues and sometimes to maintain its own bank account or cash box.

As part of our audit process, we will visit every significant department on a rotating basis, as we have in the past, to ask questions and document procedures. We will make recommendations as appropriate to improve controls and provide safeguards, if possible. If this is not possible, we will inform you of these situations. The same is true of remote data entry. We will review procedures and controls in place. Where possible, we will recommend improvements.

Finally, we typically have time built into our auditing budget which we rotate from year to year. We welcome input from City managers and the Finance Committee regarding any areas of emphasis or concern.

10. Sampling practices and use statistical sampling in the engagement

After we have reviewed and evaluated the City's internal controls, we will make decisions on the internal control procedures we intend to test. We will set parameters regarding the expected error rate, audit risk, and tolerable error rate in order to determine the sample size we will generate. We may perform these procedures in the following areas:

- Cash receipts
- Cash disbursements
- Payroll
- Journal entries

We also plan to use audit sampling to perform substantive tests of certain balance sheet accounts, including accounts receivable and recorded vouchers payable. Our firm has customized statistical sampling tools that are in full compliance with all professional standards.

We expect to use the following sample ranges:

- | | |
|-----------------------------------|-----------------|
| – Cash disbursements/expenditures | 25-80 documents |
| – Payroll | 25-80 documents |

Baker Tilly proposal for professional auditing services

11. Brief, sequential schedule of tasks for audit services

Baker Tilly will meet the fieldwork schedules as noted in Figure 2-2 of the RFP as well as the due dates referenced in Figure 2-3 of the RFP. The following dates pertain to the professional audit services:

Master schedule of due dates – task	Due date
Preliminary audit fieldwork and initial entrance conference	December
Financial and compliance audit fieldwork including entrance and exit conferences	April 11–April 24
Financial statements of other component units sent to auditor	April 11
Audit entries finalized	April 17
Manager work paper review completed*	April 17
Fund statements and final conversion entries to auditor	April 22
Manager work paper review comments cleared	May 2
Partner work paper review completed*	May 4
Partner work paper review comments cleared	May 10
Draft financial statements**	May 20
Draft Report on Federal and State Awards	May 27
Draft Comprehensive Annual Financial Report (CAFR)	May 27
Draft Public Health of Madison and Dane County Financial Statements and Report of State and Federal Awards	May 27
Draft CDA Financial Statements	May 27
Completion of the second partner pre-issuance review	May 29
City to provide Other Information included in the CAFR	May 29
Resolve any matters identified during the second partner review	June 9
MD&A provided to Auditor	June 12
Final comments on CAFR schedules	June 14
Final CAFR	June 19
Report on Internal Control (City of Madison)	June 19
Community Development Authority Financial Statements	June 19
Community Development Authority Report on Internal Control	June 19
Transit System Financial Statements	June 19
Parkside Project Fund Financial Statements	No longer required
Public Health Madison and Dane County Financial Statements and Report on State and Federal Awards	June 24
Public Health Madison and Dane County Report on Internal Control	June 24
Report on Federal and State Awards	June 24
Water Utility and, if applicable, Storm Water and Sewer Financial Statements	June 19
Report on Supplemental Schedules as Required by Tax 16	July 2
TIF audits completed (fieldwork July)	July 30
Community Development Authority Real Estate Assessment Center (REAC)	July 30

*We make every effort to review the majority of work papers during audit fieldwork.

**Metro Transit and Water, and, if applicable Storm Water and Sewer.

Historically, Baker Tilly has presented the individual financial statements to the Transit and Parking Commission and the Water Utility Board.

Baker Tilly proposal for professional auditing services

12. Schedule of upcoming GASB pronouncements

Task or event	Effective date	Impact
GASB No. 83 - Certain Asset Retirement Obligations	December 31, 2019	This Statement addresses accounting and financial reporting for certain asset retirement obligations.
GASB No. 84 - Fiduciary Activities	December 31, 2019	The objective of this Statement is to improve guidance on identification and accounting for fiduciary activities. It establishes criteria for the activities that qualify as fiduciary, including pension and OPEB trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Every government will need to evaluate the reporting changes of existing fiduciary funds and determine if any fund reclassifications or presentation changes will be necessary. The standard also requires a new statement of changes in fiduciary net position as a part of the basic financial statements.
GASB No. 87 - Leases	December 31, 2020	This Statement modifies the accounting treatment for government leases. It requires the recognition of certain lease assets and liabilities that were previously classified as operating. It includes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.
GASB No. 88 - Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements	December 31, 2019	The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.
GASB No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period	December 31, 2020	This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.
GASB No. 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61	December 31, 2019	The primary objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Looking even further ahead, GASB is currently working on the following significant items:

Major projects

- Financial reporting model
- Revenue and expense recognition

Practice issues

- Conduit debt
- Implementation guidance

Pre-agenda research

- Going concern
- Cloud computing
- Note disclosure reexamination
- Public-private partnerships
- Social impact bonds

Baker Tilly proposal for professional auditing services

We will continually monitor GASB's project schedule and evaluate their impact on the City. The impact will be discussed with the City through the various phases of the audit (planning, fieldwork, audit completion). In addition, in our communication to those charged with government and management we include a section regarding upcoming audit and accounting standards and their impact on the City.

Note: Additional content may be found at gasb.org which is an excellent source of information.

Preparedness to implement new GASB requirements

To keep the City up-to-date on the latest government accounting issues, Baker Tilly provides leadership to industry organizations through our involvement as authors, speakers, trainers and promoters of the advancement of government accounting and auditing.

Among our commitments, Susannah Filipovic from our Oak Brook, Illinois location served as a fellow in the GASB Practice Fellow Program. Susannah was selected by GASB for this two-year program. Her responsibilities included direct participation in the standard-setting process as a project manager focused on studying topics on GASB's technical agenda, researching practical implementation issues, contributing to the drafting of standards and following up on implementation complexities post-issuance. Serving in the GASB Practice Fellow Program was a full-time commitment. This relationship provides a conduit for communication between Baker Tilly clients and GASB staff. Susannah worked on GASB No. 87, *Leases*.

Additionally, Heather Acker, Baker Tilly's Public Sector Professional Practice Leader, served on GASB's fiduciary activities implementation guide consultative group during 2018. Additionally, in the fall of 2018, she was appointed to GASB's Tribal Government Accounting Working Group (TGAWG).

GASB implementation over the years

Over the years, Baker Tilly has helped the City prepare for the implementation of various GASBs. The following is a listing of some of the more significant GASB standards we have assisted with.

- GASB No. 68, *Accounting and Financial Reporting for Pensions*
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*
- GASB No. 77, *Tax abatement disclosures*

Tax resources

Section 2.8 of the City's RFP notes the auditor shall notify City of changes to tax codes applicable to the City and assist the City in determining proper tax treatments, when in question.

We have included a resume in Tab 9 for Mark Heroux, Principal. Mark leads tax services for Baker Tilly in the Midwest region and is part of a firmwide group of more than 600 dedicated tax professionals, including many with significant expertise on tax matters affecting state and local governments. Our clients benefit from the firm's thorough knowledge of changing tax laws combined with a sound understanding of your industry and the issues you face. We recommend an annual call between the City and our tax professionals to discuss the City's questions and concerns related to changes in tax codes. Our tax professionals are also available throughout the year should the need arise.

13. Assist the staff with its first electronic CAFR and audit using CaseWare

Baker Tilly has a long working relationship with CaseWare as we have used their software to conduct our audits for many years. We recently worked with them to develop and implement our proprietary audit software, Audit System, which helps our staff identify exceptions, perform high-end analytics and ensure risks are correctly audited. We will leverage this relationship and our experience working with CaseWare software in the performance of the audit. Our audit team has extensive knowledge of CaseWare's functionality and features and can assist the city with preparation of CAFR using CaseWare.



Form F: Staff Hours
RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

File this form under Tab 11: Audit Approach of your proposal.

Proposer's hours to complete the scope of services in this RFP by City agency/function.

Agency / Year	<u>2020-(2019 CAFR)</u>	<u>2021-(2020 CAFR)</u>	<u>2022-(2021 CAFR)</u>	<u>2023-Option (2022 CAFR)</u>	<u>2024 Option- (2023 CAFR)</u>
City of Madison (includes sewer)	940	940	940	940	940
Metro Transit Utility	215	215	215	215	215
Water Utility	175	175	175	175	175
CDA	250	250	250	250	250
TIF Districts	125	125	125	125	125
Board of Public Health	110	110	110	110	110
Single Audit	165	165	165	165	165
Total Hours	1,980	1,980	1,980	1,980	1,980

Proposer's hours to complete the **City of Madison** scope of services outlined in this RPF by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Partner	95	95	95	95	95
Senior Manager	240	240	240	240	240
Manager	40	40	40	40	40
Senior Accountant	225	225	225	225	225
Accountant	330	330	330	330	330
Clerical	10	10	10	10	10
Total Hours City of Madison	940	940	940	940	940

Proposer's hours to complete the **Metro Transit Utility** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Partner	20	20	20	20	20
Senior Manager	-	-	-	-	-
Manager	60	60	60	60	60
Senior Accountant	35	35	35	35	35
Accountant	90	90	90	90	90
Clerical	10	10	10	10	10
Total Hours Metro Transit	215	215	215	215	215

Proposer's hours to complete the **Water Utility** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Partner	15	15	15	15	15
Senior Manager	-	-	-	-	-
Manager	55	55	55	55	55
Senior Accountant	40	40	40	40	40
Accountant	60	60	60	60	60
Clerical	5	5	5	5	5
Total Hours Metro Transit	175	175	175	175	175

Proposer's hours to complete the **CDA** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Partner	35	35	35	35	35
Senior Manager	55	55	55	55	55
Manager	-	-	-	-	-
Senior Accountant	50	50	50	50	50
Accountant	90	90	90	90	90
Clerical	20	20	20	20	20
Total Hours Metro Transit	250	250	250	250	250

Proposer's hours to complete the **TIF Districts** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Partner	10	10	10	10	10
Senior Manager	30	30	30	30	30
Manager	-	-	-	-	-
Senior Accountant	-	-	-	-	-
Accountant	70	70	70	70	70
Clerical	15	15	15	15	15
Total Hours Metro Transit	125	125	125	125	125

Proposer's hours to complete the **Board of Public Health** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Partner/Director	12	12	12	12	12
Senior Manager	-	-	-	-	-
Manager	-	-	-	-	-
Senior Accountant	50	50	50	50	50
Accountant	38	38	38	38	38
Clerical	10	10	10	10	10
Total Hours Metro Transit	110	110	110	110	110

Proposer's hours to complete the **Single Audit** scope of services outlined in this RFP by staff position.

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Partner/Director	25	25	25	25	25
Senior Manager	-	-	-	-	-
Manager	-	-	-	-	-
Senior Accountant	65	65	65	65	65
Accountant	70	70	70	70	70
Clerical	5	5	5	5	5
Total Hours Metro Transit	165	165	165	165	165

Baker Tilly Virchow Krause, LLP

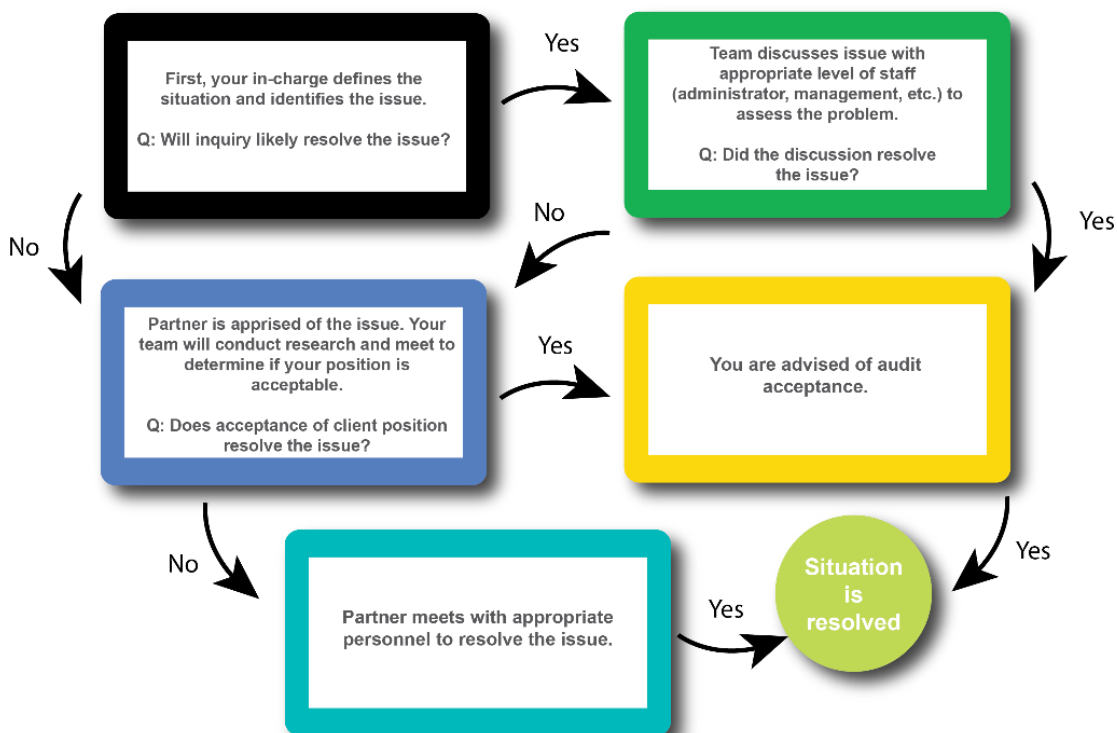
COMPANY NAME

Baker Tilly proposal for professional auditing services

Tab 12 Identification of anticipated audit concerns

We will regularly communicate new developments in auditing and accounting standards throughout the year, not just at the time of the audit. Information needed to address your technical matters will be addressed promptly, typically at the time new accounting pronouncement rules are adopted, providing you with prompt responses to any matters affecting you.

We do not anticipate any potential audit problems. However, should they arise during the course of our work, this is the approach we generally take:



Baker Tilly proposal for professional auditing services

Tab 13 Financial resources

Here are key points to consider regarding the financial strength and stability of Baker Tilly:

- Baker Tilly ranks as 14th largest accounting and advisory firm in the US.
- We serve both privately held and publicly traded clients ranging in size from \$1 million to billions of dollars in revenues.

The table below shows our firm's net revenues for the past three fiscal years.

	2019	2018	2017
Net revenue	\$754.8 million	\$578 million	\$546 million

Changes in ownership or control

As part of our firm's growth strategy, Baker Tilly continually seeks opportunities to acquire firms that closely fit our culture. Various options are currently being considered; however, no specific information has been finalized. Baker Tilly is not looking to be acquired by another firm.

We anticipate no significant changes that would affect our commitment to the local government industry or our level of client service from either a firmwide perspective or from our local offices.

Baker Tilly proposal for professional auditing services

Tab 14 Disclosure of contract failures and litigation

Baker Tilly's past and current litigation

In the normal course of business as a large accounting firm, Baker Tilly may be made a party to litigation alleging various common law and statutory violations. While Baker Tilly expects to resolve all pending matters without any material detrimental impact to the firm, like most accounting firms of any size, the firm does not disclose or discuss its litigation. Litigation is generally disposed of in the normal course of business and under any applicable professional indemnity insurance policy. We enjoy the benefits of a positive reputation.

Failure to complete work

The firm strives to meet and exceed client expectations during an engagement. Occasionally, due to professional standards such as independence or other issues outside of Baker Tilly's control, the firm is unable to complete an engagement.

Baker Tilly proposal for professional auditing services

Tab 15 Cost proposal

Per the RFP, the contents on this tab are in a separately sealed cost proposal.

Items for discussion

While we agree with the terms in concept (Appendix B: Sample Contract for Purchase of Services), we will have suggested revisions but expect to come to mutually agreeable language. In addition, we expect language required under professional standards regarding the City's responsibilities and the auditor's responsibilities to be incorporated into the final agreement.

Baker Tilly proposal for professional auditing services

Tab 16 Assurances regarding the organization

Form G: Assurances Regarding the Organization follows.



Form G: Assurances Regarding the Organization

RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

Quality/Peer Review

Instructions: This form must be completed & returned with your bid response.

The Proposer hereby affirms that their organization is a participant in the following external quality/peer review program(s):

AICPA Peer Review Program

(Name of Program)

Public Company Accounting Oversight Board (PCOAB)

(Name of Program)

Indicate by placing an "X" in the boxes before the statements applicable to the organization.

The organization hereby affirms:

- The attached quality/peer review report is the audit firm's most current quality/peer review report issued. (Attach a copy of the report)
- The quality/peer review included a review of government engagements.
- The quality/peer review did not include a review of government engagements.
- The attached letter of comments (findings and recommendations) represents **ALL** such findings and recommendations received as a result of the organization's most recent quality/peer review.
- NO** letter of comments (findings and recommendations) was received as a result of the organization's most recent quality/peer review.
- The attached response(s) represents **ALL** responses made by the organization with respect to the organization's most recent quality/peer review.
- The audit firm has never received a quality/peer review.
- A quality/peer review of the firm is currently in process and the report has not yet been issued.
- That it expects to receive its first quality/peer review during _____.
(List month and year)

Indicate by placing an "X" on the box before the statement applicable to the Proposer's organization.
The Proposer hereby affirms that:

- The American Institute of Certified Public Accountants, any state board or society of Certified Public Accountants, or any federal, state or local government authority has taken no disciplinary action against the Proposer's organization.
- The attached is a complete and accurate account of the nature and extent of all disciplinary action taken against the Proposer's organizations by the American Institute of Certified Public Accountants, any state board or society of Certified Public Accountants, and any federal, state, or, local governmental authority.

Disciplinary Action

Indicate by placing an "X" in the box before the statement applicable to the proposed personnel. The Proposer hereby affirms that:

- The American Institute of Certified Public Accountants, any state board or society of Certified Public Accountants, or any federal, state, or local governmental authority has taken no disciplinary action against any proposed personnel.
- The attached is a complete and accurate accountant of the nature and extent of all disciplinary action taken against any proposed personnel by the American Institute of Certified Public Accountants, any state board or society of Certified Public Accountants, and any federal, state or local governmental authority.



Report on the Firm's System of Quality Control

September 26, 2018

To the Partners of Baker Tilly Virchow Krause, LLP and the
AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Baker Tilly Virchow Krause, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2018. 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. 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 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 Baker Tilly Virchow Krause, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2018, 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. Baker Tilly Virchow Krause, LLP has received a peer review rating of *pass*.

Moss Adams LLP

Baker Tilly proposal for professional auditing services

Tab 17 Designation of confidential & proprietary information

None.



City of Madison

Baker Tilly Virchow Krause, LLP
10 Terrace Court, Madison, WI 53718
RFP # 8835-0-2019-BO
Proposal for professional auditing services
Thursday, August 15, 2019 2:00 PM CST

Tab 15 Cost proposal



Baker Tilly fee proposal for auditing services

Fees

Our proposed fees are based on the assumption that there will be minimal client-initiated or audit adjusting entries posted to the general ledger once fieldwork commences. This is consistent with our prior experience with the City. We are sensitive to cost control and have always worked diligently to minimize our fees through adequate planning, detailed client audit preparation lists, and other means—all while maintaining quality standards.

Fees for any service can vary due to factors such as hourly billing rates, mix of staff, and actual hours of performance. A low fee is not a bargain if adequate attention is not given to the client or the service is less than that which the professional should provide.

Partners, directors, senior managers, managers and senior accountants will perform a significant portion of the total audit hours. We believe this demonstrates our commitment to provide highly trained and experienced individuals to your engagement.

According to Addendum 1, dated July 26, 2019, Answer 9, “The City is currently implementing CaseWare software in order to prepare the CAFR. We anticipate financial statements along with combining schedules to be available at the time of fieldwork.” Our pricing assumes that the City will provide a complete and materially accurate CAFR to the audit team at the time of audit fieldwork. This includes all schedules and footnotes. If the City requires CAFR consultation or preparation assistance, it would be considered out of scope services and the hourly audit rates would apply.

The TIF fees listed on Form E include thirteen (13) annual TIF audits. Fees will be adjusted up or down by \$1,800 per TIF district depending on the number of audits required each year.

The single audit fees are based on two major federal programs and two major state programs. If there is a change in the number of major programs due to new programs or matters that cause a program to be major, there would be an additional fee of \$3,000–\$5,000 per major federal program and \$2,500–\$3,500 per major state program.

Form D proposal pages follow.

Special projects

We encourage you to call and discuss your business concerns with us. We will let you know if a service is outside of the scope of our proposal and will ask for your approval before we begin our work or bill you. Baker Tilly is responsible for ensuring that any additional services provided will not impair the firm’s independence as required by *Government Auditing Standards*.

Manner of payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with Baker Tilly’s fee proposal. Interim billing shall cover a period of not less than a calendar month. We understand we must clearly itemize all serviced billed by fund type and individual fund. Our standard terms: Invoices are payable upon receipt or previously agreed-upon terms. A finance charge of 1.5% per month (annual rate 18%) will be added to invoices more than 30 days past due.

We believe our fees are fair and reasonable based on the amount of professional time we estimate necessary to complete the requested services. However, should our fees not be in line with your expectations, we would appreciate the opportunity to have a discussion with you before you make a final decision.

Baker Tilly proposal for professional auditing services

In the future, the City may wish to utilize Baker Tilly as its external auditor and municipal advisor. In this case, your audit team will automatically be involved in any debt issuances and will follow the requirements of professional standards. To avoid any conflicts and safeguard independence, we will document and provide disclosures to the City as required by professional codes for CPAs and registered municipal advisors. This will not affect the audit pricing.



Form D: Cost Proposal
RFP #: 8835-0-2019-BO Professional Auditing Services

This form must be returned with your response.

It is the Proposer's responsibility to consider any/all future auditing pronouncements and standards, which may become applicable during the contract and extension periods, when pricing their proposal. Auditor is prohibited from modifying prices due to subsequent pronouncements, changes in generally accepted auditing standards or any other reason.

Proposer's all inclusive, not-to-exceed, fixed fees for audit services for the years ending December 31st.

Agency / Year	<u>2020-(2019)</u> CAFR)	<u>2021-(2020)</u> CAFR)	<u>2022-(2021)</u> CAFR)	<u>2023-Option</u> (2022 CAFR)	<u>2024 Option-</u> (2023 CAFR)
City of Madison	\$ 87,800	\$ 90,700	\$ 93,300	\$ 96,200	\$ 99,300
Metro Transit Utility	16,500	17,000	17,500	18,000	18,500
Water Utility	11,500	11,800	12,400	12,700	13,000
CDA*	32,500	33,500	34,200	35,200	36,200
TIF Districts	21,900	22,500	23,200	23,800	24,500
Board of Public Health	7,600	7,700	7,800	7,900	8,100
Single Audit	21,200	21,800	22,600	23,200	23,900
Total	\$ 199,000	\$ 205,000	\$ 211,000	\$ 217,000	\$ 223,500

Proposer's hourly rates for auditing services (beyond the scope of services in this RFP).

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Partner (per hour)	\$ 300	\$ 305	\$ 310	\$ 315	\$ 320
Director (per hour)	265	270	275	280	285
Senior Manager (per hour)	205	210	215	220	225
Manager (per hour)	175	180	185	190	195
Senior Accountant (per hour)	145	150	155	160	165
Accountant (per hour)	115	120	125	130	135
Clerical (per hour)	85	90	95	100	105

*Additionally, fees for separately issued report for the Villager fund would be \$6,000, \$6,100, \$6,200, \$6,300 and \$6,400 respectively, for years 2019, 2020, 2021, 2022 and 2023.

Proposer's hourly rates for consulting (e.g. special projects) services (beyond the scope of services in this RFP).

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Principal/Partner (per hour)	\$ 420	\$ 425	\$ 430	\$ 435	\$ 440
Director (per hour)	350	355	360	365	370
Consulting Senior Manager (per hour)	290	295	300	305	310
Consulting Manager (per hour)	230	235	240	245	250
Senior Consultant (per hour)	200	205	210	215	220
Consultant (per hour)	175	180	185	190	195
Clerical (per hour)	85	90	95	100	105

Proposer's hourly rates for tax advisory services (beyond the scope of services in this RFP).

Staff Position / Year	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 Option</u>	<u>2024 Option</u>
Principal - IRS Controversy	\$ 490	\$ 495	\$ 500	\$ 505	\$ 510
Principal - Tax	420	425	430	435	440
Director - IRS Controversy	470	475	480	485	490
Director - Tax	370	375	400	405	410
Senior Manager - IRS Controversy	450	455	460	465	470
Senior Manager - Tax	265	270	275	280	290
Manager	240	245	250	255	260
Senior Associate Tax Accountant	190	195	200	205	210
Tax Accountant	175	180	185	190	195
Clerical	85	90	95	100	105

Baker Tilly Virchow Krause, LLP

COMPANY NAME

Addendum 1
ENGAGEMENT LETTER TERMS

Mr. Dave Schmiedicke
Finance Director
City of Madison
210 Martin Luther King Jr Blvd
Madison, Wisconsin 53703-3345

Dear Mr. Schmiedicke:

Thank you for using Baker Tilly Virchow Krause, LLP ("Baker Tilly" or "we" or "our") as your auditors.

The purpose of this letter (the "Engagement Letter") is to confirm our understanding of the terms and objectives of our engagement and the nature of the services we will provide as independent accountants of the City of Madison ("you" or "your"). The parties understand and agree that the Contract for Purchase of Services ("Contract") to which this letter is attached, including all attachments thereto (the "Contract Documents") establishes all of the terms and conditions for the engagement of audit services provided by Baker Tilly to the City of Madison. The purpose of this letter is to set forth additional conditions of the engagement that may not be covered in those documents. In the event of a conflict between any of the other Contract Documents and this letter, the other Contract Document(s) shall control.

Service and Related Report

We will audit the basic financial statements of the City of Madison as of and for the year ended December 31, 2019 - December 31, 2021, and the years ending December 31, 2022 and December 31, 2023 if the Contract for Purchase of Services is renewed as provided in Section 4 of the Contract, and the related notes to the financial statements. Upon completion of our audit, we will provide the City of Madison with our audit report on the financial statements and supplemental information referred to below. If, for any reasons caused by or relating to the affairs or management of the City of Madison, we are unable to complete the audit or are unable to or have not formed an opinion, or if we determine in our professional judgment the circumstances necessitate, we may withdraw and decline to issue a report as a result of this engagement.

The following supplementary information accompanying the financial statements will also be subjected to the auditing procedures applied in our 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, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

- > Combining and Individual Fund Financial Statements
- > Sewer Remediation Revenue Bond Covenant

The following supplementary information will also be subjected to the auditing procedures applied in our 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, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

- > Schedule of Expenditures of Federal and State Awards

Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis, to supplement the City of Madison's basic financial statements. Such information, 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. As part of our engagement, we will apply certain limited procedures to the City of Madison's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- > Management's Discussion and Analysis
- > Budget Comparison Schedules
- > OPEB - related schedules
- > Pension - related schedules
- > Leases – related schedules

We will read the following other information accompanying the financial statements to identify any material inconsistencies with the audited financial statements; however, the other information will not be subjected to the auditing procedures applied in our audit of the financial statements and our auditor's report will not provide an opinion or any assurance on that other information:

- > Introductory Section
- > Statistical Section

The financial data schedules as required by the U.S. Department of Housing and Urban Development, accompanying the financial statements will also be subject to the auditing procedures applied in our 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, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

Our Responsibilities and Limitations

The objective of a financial statement audit is the expression of an opinion on the financial statements. The objective also includes reporting on:

- > Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a direct and material effect on the financial statements in accordance with *Government Auditing Standards*.
- > Internal control related to major federal and state programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the *State Single Audit Guidelines*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (i) that the purpose of the report is solely to describe the scope of 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, and (ii) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We will be responsible for performing the audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the Uniform Guidance and the *State Single Audit Guidelines*, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, and other procedures we consider necessary to enable us to express such opinions and to render the required reports.

These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether from (i) errors, (ii) fraudulent financial reporting, (iii) misappropriation of assets, or (iv) violations of laws or governmental regulations that are attributable to the City of Madison or to acts by management or employees acting on behalf of the City of Madison. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse. Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management and the audit committee or equivalent group charged with governance of their responsibilities.

The audit will include obtaining an understanding of the City of Madison and its environment, including internal controls, sufficient to assess the risks of material misstatement of the financial statements and to determine the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and the audit committee or equivalent group charged with governance internal control matters that are required to be communicated under professional standards. We will also inform you of any other matters involving internal control, if any, as required by *Government Auditing Standards*, the Uniform Guidance and the *State Single Audit Guidelines*.

As required by the Uniform Guidance and the *State Single Audit Guidelines*, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and major state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control over compliance issued pursuant to the Uniform Guidance and the *State Single Audit Guidelines*.

We will design our audit to obtain reasonable, but not absolute, assurance of detecting misstatements due to errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on financial statement amounts. An audit is not designed to detect error or fraud that is immaterial to the financial statements. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Our audit is not a guarantee of the accuracy of the financial statements and, therefore, is subject to the limitation that material errors or fraud or other illegal acts having a direct and material financial statement impact or a direct and material effect on major federal and state programs, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with GAAS and *Government Auditing Standards*, may not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud or other illegal acts will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot ensure that errors, fraud or other illegal acts or noncompliance, if present, will be detected. However, we will communicate to you, as appropriate, any such matters that we identify during our audit. Also, if required by *Government Auditing Standards*, we will report known or likely fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse directly to parties outside of the City of Madison.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Madison's compliance with the provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance and the *State Single Audit Guidelines* require that we also plan and perform the audit to obtain reasonable assurance about whether you have complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of test of transactions and other applicable procedures described in the OMB Compliance Supplement and the *State Single Audit Guidelines* for the types of compliance requirements that could have a direct and material effect on each of the City of Madison's major programs. The purpose of those procedures will be to express an opinion on your compliance with requirements applicable to each of your major programs in our report on compliance issued pursuant to the Uniform Guidance and the *State Single Audit Guidelines*.

We are also responsible for determining that the audit committee or equivalent group charged with governance is informed about certain other matters related to the conduct of the audit, including (i) our responsibility under GAAS, (ii) an overview of the planned scope and timing of the audit, and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of your significant accounting practices, accounting estimates, and financial statement disclosures; (b) difficulties encountered in performing the audit; (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures; and (d) other significant and relevant findings or issues (e.g., any disagreements with management about matters that could be significant to your financial statements or our report thereon, consultations with other independent accountants, issues discussed prior to our retention as independent auditors, fraud and illegal acts, and all significant deficiencies and material weaknesses identified during the audit). Lastly, we are responsible for ensuring that the audit committee or equivalent group charged with governance receives copies of certain written communications between us and management including written communications on accounting, auditing, internal controls or operational matters and representations that we are requesting from management.

We will make reference to the audit of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, the Madison Public Library Foundation, Madison Parks Foundation, Monona Shores , the Business Improvement District of the City of Madison, the Limited Liability Corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison, and any other fund or component identified by the City that is audited by another auditor, in our report on your financial statements. The parties shall confirm prior to commencement of each years' audit any such relevant funds or component units.

The audit will not be planned or conducted in contemplation of reliance of any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be addressed differently by a third party, possibly in connection with a specific transaction.

Management's Responsibilities

The City of Madison's management is responsible for the financial statements referred to above. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal and state awards (including notes and noncash assistance received) in accordance with the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. In this regard, management is responsible for establishing policies and procedures that pertain to the maintenance of adequate accounting records and effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities; to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that there is reasonable assurance that government programs are administered in compliance with applicable requirements; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. You are also responsible for the selection and application of accounting principles, the authorization of receipts and disbursements, the safeguarding of assets, the proper recording of transactions in the accounting records, for reporting financial information in conformity with accounting principles generally accepted in the United States of America ("GAAP"), and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us in the management representation letter (i) about all known or suspected fraud affecting the City of Madison involving: (a) management, (b) employees who have significant roles in internal control over financial reporting, and (c) others where the fraud or illegal acts could have a material effect on the financial statements; and (ii) of its knowledge of any allegations of fraud or suspected fraud affecting the City of Madison received in communications from employees, former employees, analysts, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to mitigate fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance and the *State Single Audit Guidelines*, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review before we begin fieldwork.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed above. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You are responsible for preparation of the schedule of expenditures of federal and state awards (including notes and noncash assistance received) in conformity with the Uniform Guidance and the *State Single Audit Guidelines*. You agree to include our report on the schedule of expenditures of federal and the awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal and the awards. You also agree to make the audited financial statements readily available to intended users of the schedule of expenditures of federal and the awards no later than the date the schedule of expenditures of federal and the awards is issued with our report thereon. Your responsibilities include acknowledging to us in a written representation letter that (a) you are responsible for presentation of the schedule of expenditures of federal and state awards in accordance with the Uniform Guidance and the *State Single Audit Guidelines*; (b) that you believe the schedule of expenditures of federal and state awards including its form and content, is fairly presented in accordance with the Uniform Guidance and the *State Single Audit Guidelines*; (c) that the methods of measurement or presentation have not changed from those used in the prior year (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and state awards.

Management is responsible for (i) adjusting the basic financial statements to correct material misstatements and for affirming to us in a management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period under audit are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole, and (ii) notifying us of all material weaknesses, including other significant deficiencies, in the design or operation of your internal control over financial reporting that are reasonably likely to adversely affect your ability to record, process, summarize and report external financial data reliably in accordance with GAAP. Management is also responsible for identifying and ensuring that the City of Madison complies with the laws and regulations applicable to its activities.

Mr. Dave Schmiedicke
City of Madison

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As part of management's responsibility for the financial statements and the effectiveness of its system of internal control over financial reporting, management is responsible for making available to us, on a timely basis, all of your original accounting records and related information and for the completeness and accuracy of that information and your personnel to whom we may direct inquiries. As required by GAAS, we will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of internal control over financial reporting. GAAS also requires that we obtain written representations covering audited schedule of expenditures of federal and state awards, federal and state award programs, and compliance with laws, regulations, contracts and grant agreements from certain members of management. The results of our audit tests, the responses to our inquiries, and the written representations, comprise the evidential matter we intend to rely upon in forming our opinion on the financial statements.

Management is also responsible for assuring the electronic submission of required annual financial statement, audit and other financial information to the U.S. Department of Housing and Urban Development's ("HUD") Real Estate Assessment Center ("REAC") is complete, accurate and timely in accordance with regulatory and contractual obligations to HUD. We will also perform the agreed-upon procedures required by HUD relating to electronic submission.

Baker Tilly is not a municipal advisor as defined in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or under Section 15B of the Securities Exchange Act of 1934 (the "Act"). Baker Tilly is not recommending an action to the City of Madison; is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Act to you with respect to the information and material contained in the deliverables issued under this engagement. You should discuss any information and material contained in the deliverables with any and all internal and external advisors and experts that you deem appropriate before acting on this information or material.

Nonattest Services

Prior to or as part of our audit engagement, it may be necessary for us to perform certain nonattest services. For purposes of this letter, nonattest services include services that *Government Auditing Standards* refers to as nonaudit services.

Nonattest services that may be provided, at the City's request, are as follows:

- > Financial statement preparation
- > Adjusting journal entries
- > Compiled regulatory reports
- > Risk assessment
- > Municipal advisory services
- > CaseWare assistance

None of these nonattest services constitute an audit under generally accepted auditing standards including *Government Auditing Standards*.

We will not perform any management functions or make management decisions on your behalf with respect to any nonattest services we provide.

Mr. Dave Schmiedicke
City of Madison

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In connection with our performance of any nonattest services, you agree that you will:

- > Continue to make all management decisions and perform all management functions, including approving all journal entries and general ledger classifications when they are submitted to you.
- > Designate an employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- > Evaluate the adequacy and results of the nonattest services we perform.
- > Accept responsibility for the results of our nonattest services.
- > Establish and maintain internal controls, including monitoring ongoing activities related to the nonattest function.

On a periodic basis, as needed, we will meet with you to discuss your accounting records and the management implications of your financial statements. We will notify you, in writing, of any matters that we believe you should be aware of and will meet with you upon request.

Other Documents

If you intend to reproduce or publish the financial statements in an annual report or other information (excluding official statements), and make reference to our firm name in connection therewith, you agree to publish the financial statements in their entirety. In addition, you agree to provide us, for our approval and consent, proofs before printing and final materials before distribution.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

At the conclusion of our engagement, we will complete the appropriate auditor sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to complete the auditee sections and to submit the reporting package (including financial statements, schedule of expenditures of federal and state awards, summary schedule of prior year audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include within the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of thirty (30) days after receipt of the auditors' reports or nine (9) months after the end of the audit period.

We will provide copies of our reports to the City of Madison, however, management is responsible for distribution of the reports and the financial statements. Copies of our reports are to be made available for public inspection unless restricted by law or regulation or if they contain privileged and confidential information.

Mr. Dave Schmiedicke
City of Madison

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The documentation for this engagement, including the workpapers, is the property of Baker Tilly and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to federal or state agencies for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Baker Tilly personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If we are required by law, regulation or professional standards to make certain documentation available to regulators, the City of Madison hereby authorizes us to do so.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our most recent peer review report will be provided.

Timing and Fees

Please refer to Exhibit B.

We may be required to disclose confidential information to federal, state and international regulatory bodies or a court in criminal or other civil litigation. In the event that we receive a request from a third party (including a subpoena, summons or discovery demand in litigation) calling for the production of information, we will promptly notify the City of Madison, unless otherwise prohibited.

Other Matters

Baker Tilly Virchow Krause, LLP, trading as Baker Tilly, is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly Virchow Krause, LLP is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly Virchow Krause, LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

If because of a change in the City of Madison's status or due to any other reason, any provision in this Engagement Letter would be prohibited by, or would impair our independence under laws, regulations or published interpretations by governmental bodies, commissions or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this agreement shall consist of the remaining portions.

If there are any questions regarding this Engagement Letter, please contact Carla Gogin, the engagement partner on this engagement who is responsible for the overall supervision and review of the engagement and determining that the engagement has been completed in accordance with professional standards. Carla Gogin is available at 608 240 2460, or at carla.gogin@bakertilly.com.