



## CITY OF CHICAGO COMMITTEE ON FINANCE

### REQUEST FOR PROPOSAL (RFP)

for

## **CITY-WIDE COMPREHENSIVE ANNUAL FINANCIAL REPORT (“CAFR”)**

**Specification Number: 1211514**

### **I. INTRODUCTION**

Pursuant to the Municipal Code of Chicago (“MCC”) section 2-32-210, the City of Chicago Committee on Finance, through the Department of Finance (“DOF”), is issuing a request for proposal (“RFP”) for the City-Wide Comprehensive Annual Financial Report (“CAFR”), as published on the Department of Procurement Services’ (“DPS”) website.

This RFP is open to the public (advertised in the Chicago Tribune newspaper and posted on the City’s publicly accessible Internet site).

The purpose of this publicly advertised RFP invitation/solicitation is to enable qualified auditing firms to submit a proposal and thereby compete for award of a Contract (as “Auditor”) with the City to perform the City’s annual CAFR report for an initial 5-year term, with two 1-year extension options (7 years total). In response to this invitation, the City anticipates the receipt of proposal responses from highly qualified professional auditing firms.

Proposals will be evaluated by City staff – subject matter experts knowledgeable about the City of Chicago’s annual CAFR processes and requirements, Scope of Work deliverables, and other related details.

Notwithstanding the specific evaluation criteria (Article VII Evaluation and Selection Criteria), generally, the Respondent must be capable of (1) performing the City’s annual CAFR (in accordance with the requirements set out in Exhibit 1 – Scope of Services and Time Limits for Performance); (2) meeting or exceeding the minimum 30% MBE and 6% WBE direct compliance requirements (in accordance with the requirements set out in the Special Conditions Regarding Minority and Woman Business Enterprise Compliance in Exhibit 3 of the sample PSA separately attached to this RFP as EXHIBIT C Sample PSA); and (3) reaching agreement with the City on terms applicable to the services (sample standard contract terms and conditions are attached to this RFP as EXHIBIT C Sample PSA) and all other

documents as may be required (e.g., the City’s Economic Disclosure Statement (“EDS”); certificates of insurance; Sexual Harassment Affidavit; etc.).

Respondents should review the Definitions section of this RFP (Exhibit B – Definitions) before proceeding.

## II. OVERVIEW OF CURRENT CAFR

To provide Respondents with a general insight into the City’s CAFR requirements, an overview of the City’s current CAFR audit landscape follows. In fiscal year 2019, the City’s total combined actual expenditures were approximately \$8.7 billion for all governmental fund types and approximately \$2.7 billion for enterprise fund types.

The responsibilities, duties, and obligations of the City are organized into over 33 different Departments. With respect to these Departments, the City reports on the following **major governmental funds**:

- 1) **General Fund** This is the City’s primary operating fund. It accounts for and reports all financial resources not accounted for and reported for in another fund.
- 2) **Federal, State, and Local Grant Fund** accounts for the expenditures for programs which include general government, health, public safety, transportation, aviation, cultural and recreational, and capital outlays. The majority of revenues are provided by several agencies of the Federal government, departments of the Illinois State government, and City resources.
- 3) **Special Taxing Areas Fund** accounts for expenditures for special area operations and maintenance and for redevelopment project costs as provided by tax levies on special areas.
- 4) **Service Concession and Reserve Fund** accounts for monies committed for Mid-term and Long-term uses. The Mid-term portion is subject to appropriation for neighborhood human infrastructure programs, health, and other initiatives, whereas the Long-term portion is committed for future budgetary and credit rating stabilization. (These reserves were created as a result of the “Skyway Lease” and “Parking Meter System” transactions.)
- 5) **Bond, Note Redemption, and Interest Fund** accounts for the expenditures for principal and interest as provided by property tax, utility tax, sales tax, transportation tax, and investment income.
- 6) **STSC Debt Service Fund** accounts for the expenditures for principal and interest as provided by tax revenues.
- 7) **Community Development and Improvement Projects Fund** account for proceeds of debt used to acquire property, finance construction, and finance authorized expenditures and supporting services for various activities.
- 8) **Pension Fund** accounts for the City’s contribution to the City’s four *Employees’ Annuity and Benefit Funds* as provided by the tax levy and other sources of revenue, including the allocable share from *Enterprise Funds*, and *Special Revenue Funds*.

The City reports the following major **proprietary funds** as business-type activities:

- 1) **Water Fund** accounts for the operations of the Chicago Water System.
- 2) **Sewer Fund** accounts for the operations of the Wastewater Transmission System.
- 3) **Chicago Midway International Airport Fund** records operations of Chicago Midway International Airport.
- 4) **Chicago-O’Hare International Airport Fund** records operations of Chicago-O’Hare International Airport.
- 5) **Chicago Skyway Fund** records operations of the Chicago Skyway.

Additionally, the City reports the following **fiduciary funds**:

- 1) **Pension Trust Funds** report expenditures for employee pensions as provided by employee and employer contributions and investment earnings.
- 2) **Agency Funds** account for transactions for assets held by the City as agent for certain activities of for various entities.

More detailed information on the City's finances can be found in the City's **Comprehensive Annual Financial Report**, the **budget documents**, and **Official Statements** which are posted on the City's web sites at:

[http://www.chicago.gov/city/en/depts/fin/supp\\_info/comprehensive\\_annualfinancialstatements.html](http://www.chicago.gov/city/en/depts/fin/supp_info/comprehensive_annualfinancialstatements.html),

[http://www.chicago.gov/city/en/depts/obm/supp\\_info/budgetdocuments.html](http://www.chicago.gov/city/en/depts/obm/supp_info/budgetdocuments.html)

[http://www.chicago.gov/city/en/depts/fin/supp\\_info/city-specific\\_information.html](http://www.chicago.gov/city/en/depts/fin/supp_info/city-specific_information.html)

### **City's Fund Structure**

The City's fund structure as described below was used as of fiscal year ended December 31, 2019. The structure consists of the following fund types and account groups in its financial reporting.

<b>Fund Type/Account Group</b>	<b>Number of Individual Funds</b>	<b>Number of Funds With Legally Adopted Annual Budget</b>
General fund	14	4
Special revenue funds	34	9
Debt service funds	41	5
Capital projects funds	126	0
Enterprise funds	141	4
Pension & other employee benefits/trust funds	4	4
Agency funds	12	0

### **Pension Plans**

The City participates in the following pension plans (the "**Pension Plans**"), each of which is a Single Employee/Defined Benefit Plan:

- 1) Municipal Employees' Annuity and Benefit Fund of Chicago
- 2) Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago
- 3) Policemen's Annuity and Benefit Fund of Chicago
- 4) Firemen's Annuity and Benefit Fund of Chicago

### **Component Units**

For financial reporting purposes, the City is defined in conformity with the Governmental Accounting Standards Board's ("GASB") Codification of Governmental Accounting and Financial Reporting ("GAFR") Standards Section 2100. Using these criteria, component units are included in the City's financial statements.

The City has identified the following component units for inclusion in the City's financial statements:

#### **1) Fiduciary Trust Funds**

Although the Pension Plans are each legally separate entities for which the City is not financially accountable, they are included in the City's basic financial statements as fiduciary trust funds. The unfunded liabilities and the trajectory of the Fund's solvency is such that exclusion might serve to render the City's financial statements misleading. The Pension Plans are financed by investment income, employees' payroll deductions and employer contributions (property taxes levied and collected by Cook County and remitted to the City).

#### **2) Municipal Employees' Annuity and Benefit Fund of Chicago Fund**

The Municipal Employees' Annuity and Benefit Fund of Chicago Fund is a single defined benefit, single-employer pension plan established by Illinois Compiled Statutes (Chapter 40, Act 5, Article 6). The Municipal Employees' Annuity and Benefit Fund of Chicago is governed by a five-member board, three of whom are elected by plan participants and two are members ex-officio.

- 3) **Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago Fund**  
The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago Fund is a single defined benefit, single-employer pension plan established by Illinois Compiled Statutes (Chapter 40, Act 5, Article 11). The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is governed by an eight-member board: two members are elected by plan participants, two are members ex-officio, two members are appointed by the City Department of Human Resources, one member is elected by retired plan participants and one member is elected by the local labor union.
- 4) **Policemen's Annuity and Benefit Fund of Chicago Fund**  
The Policemen's Annuity and Benefit Fund of Chicago Fund is a single defined benefit, single-employer pension plan established by Illinois Compiled Statutes (Chapter 40, Act 5, Article 5). The Policemen's Annuity and Benefit Fund of Chicago Fund is governed by an eight-member board: four members are elected by plan participants and four are appointed by the Mayor.
- 5) **Firemen's Annuity and Benefit Fund of Chicago Fund**  
The Firemen's Annuity and Benefit Fund of Chicago Fund is a single defined benefit, single-employer pension plan established by Illinois Compiled Statutes (Chapter 40, Act 5, Article 6). The Firemen's Annuity and Benefit Fund of Chicago Fund is governed by an eight-member board: four members are elected by plan participants, and four are members ex-officio.
- 5) **Sales Tax Securitization Corporation (the "STSC")**  
The STSC is a special purpose not-for-profit corporation incorporated under the provisions under the provisions of the General No-For-Profit Corporation Act of 1986 of the State of Illinois (805 ILCS 105) (the "State"), as amended and organized in accordance with an ordinance adopted by the City of Chicago City Council on October 11, 2017.

The STSC is a non-stock corporation, has no members, and is governed by a board of directors (the "Board"). Except as described in the following sentence, the Board has five voting directors all of whom are officials of the City.

The STSC's Bylaws require the vote of an additional "independent director" as a condition to taking certain actions. The independent director would be appointed by the Mayor of the City prior to any such actions.

Pursuant to a sale agreement authorized by Division 13 of Article 8 of the Illinois Municipal Code, in 2017 the City entered into an Assignment, Purchase and Sale Agreement ("Sale Agreement") with the STSC under which the City sold its right, title and interest in and to certain sales tax revenues collected by the State (the "Sales Tax Revenues").

**The Sales Tax Revenues** consist of (a) revenues resulting from collection of three separate taxes (collectively, the "Home Rule Sales Tax Revenues") imposed by the City pursuant to its home rule powers and authority granted by State statute; and (b) revenues resulting from the collection of four separate taxes (collectively, the "Local Share Sales Tax Revenues") imposed by the State. In exchange for selling its right, title and interest in the Sales Tax Revenues, the City received a residual certificate which represents the City's ownership interest in excess Sales Tax Revenues to be received by the STSC to pay debt service requirements of any outstanding obligations and administrative costs during the term of the Sale Agreement. The Sale Agreement is effective until there are no secured obligations outstanding for the STSC. The STSC provides benefits exclusively to the City, and as a result, is presented as a blended component unit of the City.

The City reports the General Fund of the STSC as a non-major special revenue fund and the Debt Service Fund of the STSC as a major debt-service fund. Complete financial statements of the STSC can be obtained at: [www.salestaxsecuritizationcorporation.com](http://www.salestaxsecuritizationcorporation.com).

**Special Considerations**

It is required that the Respondent fully understand and consider the following information when performing the above listed requirements.

1. The City's financial statements include, as a blended component unit, the STSC.
2. The financial statements of the Pension Plans are treated as fiduciary trust funds within the City's Financial Statements. The Pension Plans are audited by other auditors who are contractually obligated to provide information needed for the audit of the City.
3. The City will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to the City to meet the requirements of that program.
4. The City may prepare one or more official statements in connection with the sale of debt securities which will contain the general-purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."



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### III. TIMELINE of this RFP PROCES

To follow, in Table 1, are targeted milestones for this RFP process (including City Holidays – greyed-out – affecting the timeline).

If the Proposal Due Date and time is required to be changed, that change shall be made in accordance with the Addendum process. (See Article IV, under “Addendum and Clarification Process”.)

**Table 1 RFP Timeline Milestones**

Milestones	Target Date	# days bt date above
<b>RFP is posted on DPS Website and is Advertised in Chicago Tribune</b>	Friday, January 15, 2021	0
Dr. Martin Luther King Jr.'s Birthday Holiday	Monday, January 18, 2021	3
<b>Respondents Submit Questions<sup>Δ</sup> by</b>	Monday, January 25, 2021	7
<b>City Answers the Questions and emails out on</b>	Monday, February 8, 2021	14
Lincoln's Birthday Holiday	Friday, February 12, 2021	4
Washington's Birthday Holiday	Monday, February 15, 2021	3
Pulaski Day Holiday	Monday, March 1, 2021	14
<b>Proposals Due by 4:00 PM on</b>	<b>Wednesday, March 17, 2021</b>	<b>16</b>
<b>Respondent Proposal Evaluations Completed by</b>	Tuesday, May 4, 2021	48
<b>Recommended Respondent Notified</b>	Tuesday, May 11, 2021	7
<b>draft Contract Submitted to Respondent to Sign</b>	Wednesday, May 26, 2021	15
<b>Contract Award</b>	Wednesday, June 9, 2021	14
<b>Notice to Proceed issued by</b>	Wednesday, June 16, 2021	7
<b>Work Start Date on</b>	To Be Determined	TBD

<sup>Δ</sup> Questions from Respondents must be sent via e-mail in accordance with Article IV, see: Questions and/or Requests for Clarification.

### IV. GENERAL RFP INSTRUCTIONS AND PROCEDURES

#### How to Obtain the RFP Documents

The RFP and related documents as well as any addenda and/or clarifications if any, can be downloaded at the Department of Procurement Services’ website at the following URL:

[https://www.chicago.gov/city/en/depts/dps/provdrs/contract/svcs/current\\_bid\\_opportunities.html](https://www.chicago.gov/city/en/depts/dps/provdrs/contract/svcs/current_bid_opportunities.html)

Scroll past (ignore) the “Current Bid Opportunities” section, and past (ignore) the “eProcurement Bid Opportunities” section, and past (ignore) the “Paper Bid Opportunities” section, and scroll past (ignore) the “DOWNLOAD THE BID OPPORTUNITY LIST (PDF)” section, and continue scrolling past (ignore) the language in the paragraphs regarding “Non-eProcurement” and “COVID-19” message. Disregard all messages concerning the need to register in iSupplier.

Find the “Department of Finance” heading and below it, click on the blue links that follow the “Bid Solicitation Document”. The RFP is the following link: “**Request for Proposals (RFP) for City-Wide Comprehensive Annual Financial Report (“CAFR”) – Specification # 1211514** and any related document(s) if listed.

In the event additional information, clarifications, changes, or additions may be required in order to amend or supplement the original version of the RFP document, such information shall be provided as an addendum to this RFP and be available at the above URL.

Under no circumstances shall the failure to obtain the RFP documents, clarifications, and/or any related addenda, if any, relieve a Respondent from being bound by such additional information, terms, and conditions set out in any addendum contained therein, during the RFP process. Furthermore, failure to obtain any clarification and/or addendum shall not be valid grounds for a protest against awards made pursuant to this RFP.

### **Communications via Email Only**

Unless as may otherwise be provided, Respondents must communicate in writing only, at the following email address: [Steven.Sakai@cityofchicago.org](mailto:Steven.Sakai@cityofchicago.org) and with copy to [Teri.Davis@cityofchicago.org](mailto:Teri.Davis@cityofchicago.org).

There must be no other communication with respect to this solicitation and this RFP process, in person, in writing (except via the email address above), by phone, or otherwise, between a Respondent or Respondent's designee to City personnel. City-elected officials or their staff members, or any other person in a position to influence the decision of the recommendation to award the Contract, at any time during the RFP process, except at times specified for oral presentations (if applicable) with the authorized representatives at the oral presentation, or as is expressly allowed for during this RFP process.

Communication by a Respondent or its designee with anyone in an effort to influence the awarding of the Contract outside of this RFP process, may be considered grounds for the Respondent to be disqualified.

A Respondent who deviates from any of these restrictions is subject to immediate disqualification from this RFP process.

### **Questions and/or Requests for Clarification**

Questions and/or requests for information or clarification concerning this RFP must be made in writing and be sent via email to: [Steven.Sakai@cityofchicago.org](mailto:Steven.Sakai@cityofchicago.org), and with copy to [Teri.Davis@cityofchicago.org](mailto:Teri.Davis@cityofchicago.org). The email subject line must state: "**Questions for CAFR RFP**".

The City will provide its response to all questions and requests for clarifications received, via the Addendum and Clarification Process (described below). The deadline for submitting questions is indicated in the timeline in [Table 1 Timeline Milestones for this RFP](#) process.

The City understands that after the City provides its response to the questions via an addendum, the Respondent may have a subsequent round of questions or requests for clarification. In the event there should be a subsequent round of questions and if the City provides answers to those questions, the City may elect to reset a deadline after which no further questions or requests for clarification shall be considered.

In the event any deadline is reset for when Respondents must submit questions, an addendum shall be issued to reflect any resulting date changes in [Table 2 RFP Timeline Milestones](#).

### **Addendum and Clarification Process**

DPS shall post any changes or clarifications made relating to this RFP, if applicable, including all questions asked and answers provided by the City, if any, by posting all such information as electronic files that can be downloaded at the DPS website listed above in [Article IV](#), under: [How to Obtain the RFP Documents](#).

### **Transparency**

Consistent with the City's practice of making available all information submitted in response to a public procurement, all proposals, any information and documentation contained therein, any additional

information or documentation submitted to the City as part of this solicitation, and any information or documentation presented to City as part of negotiation of a contract or other agreement may be made publicly available through the City's Internet website. However, Respondents may designate those portions of the Proposal which contain trade secrets, confidential information or other proprietary data ("Data") which Respondent desires to remain confidential.

To designate portions of the Proposal as confidential, Respondent must:

- 1) Mark the cover page as follows: "This Proposal includes trade secrets or other proprietary data."
- 2) Mark each sheet or data to be restricted with the following legend: "Confidential: Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this RFP."
- 3) Submit a redacted copy of the entire Proposal as one PDF file for posting on the City's website.

Respondent is responsible for properly and adequately redacting any data which Respondent desires to remain confidential. If entire pages or sections are removed, they must be represented by a page indicating that the page or section has been redacted. Failure to provide a redacted copy may result in the posting of an un-redacted copy.

Indiscriminate labeling of material as "Confidential" may be grounds for deeming a Proposal as non-responsive.

All Proposals submitted to the City are subject to the Freedom of Information Act. The City will make the final determination of whether information, even if marked "Confidential," will be disclosed pursuant to a request under the Freedom of Information Act or valid subpoena. Respondent agrees not to pursue any cause of action against the City with regard to disclosure of information.

## **V. PROPOSAL SUBMITTAL - REQUIRED CONTENT**

Respondents must structure their Proposal submittal in accordance with the instructions set out below.

The Proposal shall, at minimum, contain the information listed below. Proposals not containing the information as requested in this section may be deemed incomplete.

A table of contents or tabs with the same sections and numbering scheme as listed below should be utilized to organize the response.

### **1. Executive Summary Cover Letter**

The Respondent must provide an executive summary indicating its understanding, experience, competence, and commitment to perform in accordance with their proposed solution based on its understanding of the requirements of the services described in Article II. Overview of Current CAFR and Exhibit 1 Scope of Services and Time Limits for Performance.

The executive summary should be signed by an authorized representative of the Respondent and be addressed to:

Reshma Soni  
City Comptroller  
City of Chicago Department of Finance  
121 N. LaSalle Street – Suite 700  
Chicago IL 60602-1246



## 2. Statement of Work (SOW)

The Respondent must provide a detailed statement of work, describing its proposed solution addressing each of the requirements set out in Article II. Overview of Current CAFR and as further described in Exhibit 1 Scope of Services and Time Limits for Performance.

NOTE: In the event the Respondent is selected for Contract award, the proposed SOW and Compensation Schedule shall be subject to change pursuant to any post-selection-phase negotiations, including adoption of terms and conditions as may be required by the City (in accordance with the terms set out in EXHIBIT C Sample PSA).

## 3. Cost Proposal

See Article VIII. Compensation Schedule – Fixed Price Cost Proposal With Fixed Annual Percentage Increase. This is a fixed-fee, not-to-exceed type Contract.

## 4. Professional Qualifications and Specialized Experience of Respondent, Respondent Team Members, and Key Personnel

- A) Corporate Mission. Describe the general overall qualifications of the Respondent in terms of its corporate/parental mission. Further describe how that larger/corporate structure shall provide support with respect to its sub-divisional members, if applicable. Identify which division(s) of the Respondent, if applicable, shall be the party(s) assigned to perform and provide auditing services as described in Article II. Overview of Current CAFR and as specified in Exhibit 1 Scope of Services and Time Limits for Performance.
- B) Provide no less than three references (from past and present clients – three total) whom the Respondent has provided or is providing a CAFR program for, preferably involving clients similar in size and structure to the City.
- C) Identify Primary Team and Key Personnel. Separately, identify the key personnel, by name, of the specific personnel dedicated to oversee the entire City CAFR operation; who will manage the various “moving parts”, as well as perform the detailed audit-work requirements set out in the Exhibit 1 Scope of Services and Time Limits for Performance – in other words, identify the Respondent’s key personnel “A-Team” roster by name – include their years of auditing experience; CAFR experience, specifically; and work-experience resume. (See (D) below.)

Identify Secondary/Working Team. Identify any subcontractors, including MBE and WBE firms where applicable. Describe the subcontractor firm’s auditing experiences in terms of how that level of experience(s) – at a corporate level – compares to the scale and complexities involved with the City’s annual CAFR project. Further, identify all subcontractor key personnel, by name, of specific personnel dedicated to perform the City’s CAFR-related work as direct participation (referring to the MBE/WBE Special Conditions’ definition of “Direct Participation”).

Provide the years of auditing experience; CAFR experience, specifically; and work-experience resume of each working team member proposed to perform work on the City’s CAFR. (See (D) below.)

- D) Provide a detailed response describing the qualifications and experience of the individuals composing this Team, with respect to the following:

- i) Identify the designated Project Manager (the key person responsible for the day-to-day oversight and long-term management of the project from implementation to completion of the annual CAFR).
- ii) Indicate the title and qualifications of each support staff and include the resumes of each such key person identified.
  - a. In addition to the resume, describe the level of experience in performing other projects similar to the City’s annual CAFR work requirements, if applicable.
  - b. Describe their role for this engagement with respect to the City’s annual CAFR work.
- iii) Indicate the capacity of the Team to perform the City’s annual CAFR work each year, throughout the base term of the 5-year (plus two 1-year extension options) Contract period.
  - a. Disclose if any of the Team members may be committed to serve any time on any other outside project or engagement other than service to the City’s annual CAFR work described herein.
  - b. If applicable, indicate the approximate distribution of project work time any of the Team members may be dedicated to between the City’s annual CAFR work versus another/outside project or engagement (e.g., 60/40 | City/Other).

**5. Project Implementation Plan**

The Respondent must describe the overall implementation plan and timeline considered necessary to manage the scale of involvement and level of detail required to accurately complete the auditing services as described in Article II. Overview of Current CAFR and as specified in Exhibit 1 Scope of Services and Time Limits for Performance beginning from Contract award.

(Kickoff Meeting. A more detailed work plan will be developed and agreed to between the Auditor and City management subsequent to Contract award during a “kickoff meeting”. Generally, the kickoff meeting will help both parties identify individual personnel roles and contact information; establish data security protocols and means to access City data; provide for in-person access at City of Chicago work sites, if necessary; agree upon meeting scheduling protocol; etc.)

**6. 30% MBE and 6% WBE Compliance Plan**

It is the policy of the City of Chicago that local businesses certified as an MBE (Minority-Owned Business Enterprise) or WBE (Women-owned Business Enterprise), in accordance with Section 2-92-420 of the MCC, will have full and fair opportunities to participate fully in the performance of City contracts. (See the “MBE/WBE Special Conditions” section of this RFP included as a separate file.)

It is also the policy of the City that, if an MBE or WBE firm is both an MBE and a WBE firm, then that firm must be recognized as either an MBE or a WBE – not both.

Respondents must submit its proposal describing its plan to subcontract a minimum of 30% MBE and 6% WBE with MBE/WBE firms that are certified in the “area of specialty” or in the “field of work” directly relating to the type of work required to perform meaningful work of the type of work described in Article II. Overview of Current CAFR and as specified in Exhibit 1 Scope of Services and Time Limits for Performance. For example, MBEs and WBEs who are certified as an MBE or WBE “auditor,” “accountant,” “analyst,” or the like – would be an MBE and WBE certified in the field of work that maps directly to the type of worker applicable to and necessary to perform work necessary to provide the City’s CAFR.

#### Finding MBEs and WBEs

Notwithstanding any resources the Respondent may already have access to, to further help the Respondent find MBEs and WBEs to perform City CAFR work as subcontractors to the Respondent under the Contract with the City, the Respondent can use the following two City resources available:

- I. Respondent can search the Department of Procurement Services’ online “Certification and Compliance” (“C2”) directory, found at <https://chicago.mwdbe.com/>; then click on the blue “Chicago’s BEPD/MBE/VBE/WBE Certified Directory”; then search for “MBEs” and “WBEs” by unchecking the BEPD and VBE boxes (BEPDs and VBEs are not required because this Contract requires MBE and WBE compliance only). In the “Search by Certification Type” section of C2, and with only the MBE and WBE boxes checked, then, in the “Search by Business Description” section of C2 type in a keyword, using a keyword applicable to describing the type of work of a direct participation nature to the type of worker required to perform City CAFR audit (e.g., type in “audit” or “accountant” or the like); then complete the “I am not a robot” filter; then click Enter. The resulting screen lists the pool of MBEs and WBEs certified by the City of Chicago and/or Cook County, and whose MBE/WBE Certification description contains the keyword.
- II. Respondents can request assistance from any of the agencies listed in the MBE/WBE Special Conditions’ list of Assist Agencies, and ask them to help Respondent find MBE/WBE firms who can be a subcontractor performing work directly related to Article II. Overview of Current CAFR and Exhibit 1 Scope of Services and Time Limits for Performance.

The Respondent must determine if a selected MBE and WBE will provide meaningful City CAFR work, as their subcontractor. Further: (i) the nature of the work the MBE/WBE shall perform under the Contract must align with the “area of specialty” that the MBE/WBE has been certified by the City of Chicago and/or Cook County to perform; (ii) the MBE/WBE firm must provide a “Letter of Certification” from the Department of Procurement Services or Cook County indicating the currency of the MBE/WBE firm’s certification status; i.e., the Letter of Certification must indicate that the certification status is current; that the Certification dates are current. If the MBE/WBE’ firm’s Letter of Certification indicates an expired certification date, then a “courtesy letter” from the City of Chicago or Cook County must be provided indicating a provisional extension of the MBE/WBE’s certification status specifically for this specific RFP only, or the MBE/WBE firm may not meet the MBE/WBE Compliance requirements.

After the Respondent identifies the MBE and/or WBE firm or firms with whom it has contacted to subcontract work, along with a description of the nature of work the MBE/WBE firm shall perform.

The percentage goals proposed in response to this RFP shall be a commitment to expend those percentages based on the dollars the City pays the Respondent, during the term of the executed Contract, with the named MBE and/or WBE firm or firms.

Indicate the MBE and WBE firms, as applicable, in Table 3 of the Compensation Schedule.

Notwithstanding any terms in this Section 6 to the contrary, the Respondent's commitment regarding MBE/WBE participation is subject to the MBE/WBE requirements as stated in the Special Conditions Regarding Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) Commitment as set out in MBE/WBE Special Conditions section of this RFP.

**7. Economic Disclosure Statement and Affidavit (“EDS”) and Appendix A**

Respondent shall complete an Economic Disclosure Statement and Affidavit. See Online City of Chicago EDS Instructions and EDS Acknowledgement, which can be accessed at: [https://www.chicago.gov/city/en/depts/dps/provdrs/comp/svcs/economic\\_disclosurestatementseds.html](https://www.chicago.gov/city/en/depts/dps/provdrs/comp/svcs/economic_disclosurestatementseds.html)

If Respondent is a business entity other than a corporation, then each member, partner, etc., of Respondent must complete an EDS, as applicable, per the instructions on the EDS form.

In addition, any entity that has an interest in Respondent or in one or more of its members, partners, etc., and is required pursuant to the Municipal Purchasing Act for Cities of 500,000 or More Population (65 ILCS 5/8-10-8.5) or Chapter 2-154 of the Municipal Code of Chicago to provide a disclosure, must submit a completed and executed EDS as an “entity holding an interest in an Applicant” as described in the EDS.

All affidavits must be notarized. Upon completion of Online EDS, Respondent shall submit a copy of the Certificate of Filing printed from system.

Subcontractors may be required, at the City's discretion, to provide an EDS during the evaluation process.

**8. Insurance (Certificates of Insurance Required Prior to Contract Award)**

For purposes of the RFP submittal requirements, the Respondent should include a statement that they can (or otherwise) comply with the City's insurance requirements.

Prior to Contract award, however, the selected Respondent will be required to submit evidence (e.g., insurance certificates) in the amounts specified in the attached Exhibit 2.

**VI. SUBMITTAL OF PROPOSALS**

Due to the closure of City Hall attributed to the COVID-19 security protocol currently imposed, the Respondent will not be able to deliver printed and bound hardcopies of its Proposal to the City.

Therefore, until further notice, or unless otherwise notified by way of an Addendum to this RFP, the Respondent must provide all electronic copies as a word-searchable file – not as scanned images, on the Proposal Due Date and time (as set out in Table 3 RFP Timeline Milestones or as may otherwise be amended by Addendum).

1. Either: submit an electronic copy of its Proposal via email to the addresses indicated below, [Steven.Sakai@cityofchicago.org](mailto:Steven.Sakai@cityofchicago.org) and with copy to [Teri.Davis@cityofchicago.org](mailto:Teri.Davis@cityofchicago.org), or
2. Arrange to have an electronic copy of its Proposal (preferably on a USB device) shipped via FedEx, or United Parcel Services (“UPS”), or the like, delivered to the address indicated below. If an electronic copy of the Respondent's Proposal is not sent via email, then deliver an electronic copy as follows. Send to:

**City of Chicago**  
**Department of Finance**  
**Attention: Sandra Villanova or Steven Sakai**  
**121 North LaSalle Street, Suite 700**  
**Chicago, IL 60602-1246**

- a. Electronic devices must be delivered in a sealed package delivered to City Hall at the address above.
- b. The outside of the sealed package(s) must be labeled with:
  - Name of Respondent's Firm
  - CAFR RFP
  - Specification No. 1211514
- c. Respondent must provide the FedEx or UPS proof of delivery of the Respondent's Proposal to the City that confirms:
  - i. the delivery location
  - ii. delivery date, and
  - iii. time of receipt at City of Chicago
- d. On the delivery date, submit an email to: [Steven.Sakai@cityofchicago.org](mailto:Steven.Sakai@cityofchicago.org) with copy to [Teri.Davis@cityofchicago.org](mailto:Teri.Davis@cityofchicago.org), so that we can confirm receipt.

## **VII. EVALUATION AND SELECTION CRITERIA**

The Evaluation Committee ("EC") will review each Respondent's Proposal as follows: (1) Each Respondent's proposal will be reviewed for compliance with and adherence to all submittal requirements outlined in the RFP. Proposals which are incomplete and missing key components necessary to fully evaluate the Proposal may, at the discretion of the EC, be rejected from further consideration due to "non-responsiveness" and rated Non-Responsive; and, (2) Subsequently, the EC will evaluate the extent to which a Respondent's Proposal meets the requirements set forth in the RFP, including a detailed analysis of the Respondent's qualifications, experience, proposed implementation and management plan, cost proposal, and other factors based on the evaluation criteria outlined below:

- Prior experience providing annual CAFR audits for governmental entities
- Qualifications and experience of the proposed staff
- Proposed implementation plan and staffing plan
- Proposed MBE/WBE plan
- Overall cost proposal
- Overall quality and thoroughness of the Proposal submittal

The EC shall be composed of subject matter experts from the City's Department of Finance, however other Departments and staff may also be involved during the evaluation process, if needed.

The EC will evaluate the Proposal submittals to determine the degree to which each Respondent meets each evaluation criterion and all other requirements.

The EC may seek further clarification concerning any Proposal at any time during the evaluation process.

If deemed necessary, the EC may conduct interviews and request an oral presentation from Respondents considered to be preliminarily qualified or of interest for further consideration and possible recommendation for award.

After evaluating all Proposals, the EC will submit its recommendation to the Committee on Finance (“COF”) for review. If the COF approves the EC’s recommendation of a selected Respondent(s), the City reserves the right to negotiate the final pricing, terms, and conditions of the Contract (for signature execution between the final/sole awardee “Auditor” and COF. If the COF rejects the EC’s recommendation, COF may elect to proceed with any other option determined to be in the best interest of the City.

This RFP does not obligate the City to proceed with the Contract award or to pay a Respondent for any costs incurred by the Respondent in its preparation or its response to this RFP. The City reserves the right to accept or reject any response received as a result of this solicitation or to cancel this solicitation in part or in its entirety.



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**VIII. COMPENSATION SCHEDULE – FIXED PRICE COST PROPOSAL WITH  
FIXED ANNUAL PERCENTAGE INCREASE**

Tables 2 and 3 (to follow on the next pages) set forth a Fixed Price pricing format.

Respondent must calculate the sum total price for Fiscal Year 2021, based on Fully Loaded Hourly rates and estimated hours to be worked for various staff proposed to work for Fiscal Year 2021 audit.

After Fiscal Year 2021, the Lump Sum Fixed Total Cost applicable for each fiscal year CAFR audit thereafter shall increase based on one fixed percentage increase amount that will be applied to the prior Fiscal Year's Lump Sum Fixed Total Cost.

Fully-loaded hourly rates must be inclusive of all costs and expenses required to perform the annual CAFR, including, but not limited to: salary, overhead, payroll burden, and profit, including compliance with MBE/WBE commitment and other City terms and conditions as may be required.

Notwithstanding any reduction of staffing hours over time (assuming that there will be a flattening of the Auditor's resources' learning curve over time), and notwithstanding the City's right to negotiate better terms in the best interest of the City, the Contract's fixed annual price applicable for each fiscal year after Fiscal Year 2021, shall follow the pricing (compounded) pattern as follows:

- ❖ Lump Sum Fixed Total Cost for Fiscal Year 2021 + \_\_\_\_\_% = Lump Sum Fixed Total Cost for Fiscal Year 2022.
- ❖ Lump Sum Fixed Total Cost for Fiscal Year 2022 + above % = Lump Sum Fixed Total Cost for Fiscal Year 2023.
- ❖ Lump Sum Fixed Total Cost for Fiscal Year 2023 + above % = Lump Sum Fixed Total Cost for Fiscal Year 2024.
- ❖ Lump Sum Fixed Total Cost for Fiscal Year 2024 + above % = Lump Sum Fixed Total Cost for Fiscal Year 2025.
- ❖ Lump Sum Fixed Total Cost for (Contract extension year 1) Fiscal Year 2025 + above % = Lump Sum Fixed Total Cost for Fiscal Year 2026.
- ❖ Lump Sum Fixed Total Cost for (Contract extension year 2) Fiscal Year 2026 + above % = Lump Sum Fixed Total Cost for Fiscal Year 2027.

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**Table 4 Auditor’s Own Staff for CAFR**

<b>Compensation Schedule for Auditor’s Staff for Fiscal Year 2021</b>					
	<b>Title</b>	<b>Auditor’s Staff Person’s Name</b>	<b>Fully Loaded Hourly Rate</b>	<b>Estimated # of Hours</b>	<b>Total</b>
<b>i</b>					
<b>ii</b>					
<b>iii</b>					
<b>iv</b>					
<b>v</b>					
<b>Sub-Total A</b>					

- 1) Indicate the Title of each of the Auditor’s own staff person assigned in Table 2. The staff person named must map back to the resume of the proposed staff person. Export this format to a different Excel file if additional space is needed.
- 2) Indicate the individual Name of Staff person proposed to perform work.
- 3) Indicate the Fully-Loaded Hourly Rate of the Staff person.
- 4) Indicate the Estimated Number of Hours each individual Staff person may be required to work.
- 5) Multiply the Fully-Loaded Hourly Rate by the corresponding Estimated Number of Hours, to determine the Total for each Staff person.
- 6) Add-up the extended Totals from each Staff person, and indicate the sum in the Sub-Total A cell, above.
- 7) Continue with Subcontractors in Table 3, below.

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**Table 5 Subcontractor’s Staff**

Subcontractor’s Compensation for Subcontractor’s Staff for Fiscal Year 2021					
Indicate if “MBE” or “WBE” or “Other”	MBE/WBE/Other Firm Name and Role of Staff Person	Subcontractor’s Staff Person’s Name	Fully Loaded Hourly Rate	Estimated # of Hours	Total
i					
ii					
iii					
iv					
v					
<b>Sub-Total B</b>					

- 8) In Table 3, indicate if the subcontractor’s staff person is an MBE, or WBE, or if neither (“Other”).  
 NOTE: If a subcontractor firm is certified as both an MBE and a WBE, Respondent must designate them for use as either an MBE or a WBE; not both.  
 NOTE: If partner or joint venture or other, Respondent must describe.  
 Indicate the name of the MBE or WBE firm, and the Role of each of the subcontractor’s staff person to perform work.  
 Export this format to a different Excel file if additional space is needed.
- 9) Indicate the Name of the subcontractor’s staff person assigned.  
 The staff person named must map back to the resume of the proposed staff person.
- 10) Indicate the Fully-Loaded Hourly Rate of the staff person.
- 11) Indicate the Estimated Number of Hours the individual staff person may be required to work.
- 12) Multiply the Fully-Loaded Hourly Rate by the corresponding Estimated Number of Hours, to determine the Total for each Staff person.
- 13) Add-up the extended Totals of each Staff person, and indicate the sum in the Sub-Total B cell.
- 14) Add-up Sub-Total A plus Sub-Total B and indicate the Lump Sum Fixed Total Cost (A+B) below.

<b>LUMP SUM FIXED TOTAL COST (A+B) for Fiscal Year 2021:</b>	\$ _____
<b>FIXED PERCENTAGE INCREASE AMOUNT:</b> to be applied to the prior Fiscal Year’s Lump Sum Fixed Total Cost	_____ %

NOTE: If any regulatory body (e.g., federal, state, etc.) imposes a material change with respect to the CAFR reporting requirements or processes, and provided that the Auditor can sufficiently demonstrate to the Committee on Finance that such change materially increases its costs in performing the Services, City and Auditor may negotiate a change in compensation pursuant to such material change or as may otherwise be determined by the City. Notwithstanding the foregoing, the City will not bear the burden of costs that the Auditor would incur for its other clients with respect to responding to the changes in the regulations. The Comptroller’s decision will be in the Comptroller’s sole discretion and shall be final and binding. Any

change to the compensation shall be pursuant to a written Amendment to the Contract, signed by both parties and subject to approval by the Committee on Finance.



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<<< EXHIBITS to Follow >>>

# **EXHIBIT 1**

## **Scope of Services and Time Limits for Performance**

### **A. Finance Auditing Standards**

Auditor must perform audit work in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

The Auditor must perform certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

Auditor is required to express an opinion on the fair presentation of the City's governmental activities, its business-type activities, its blended component unit, each of its major funds, and its aggregate remaining fund information in conformity with generally accepted accounting principles.

Additionally, in accordance with the State of Illinois Grant Accountability and Transparency Act audit requirements, the Auditor must provide an "in-relation-to" opinion on the Consolidated Financial report prepared as part of the Single Audit (Please note: Another auditor will provided audit services for the annual Single Audit of the City of Chicago under a different professional services agreement ; the Auditor for this current RFP in NOT for the Single Audit, but for the "in-relation-to" opinion only).

### **B. Working Paper Retention and Access to Working Papers**

The Auditor must retain all working papers and reports for a minimum of seven (7) years at the Auditor's expense, unless notified in writing by the City of the need to extend the retention period.

The Auditor will be required to make all working papers available, upon request, to the following parties or their designees:

- 1) The City
- 2) U.S. Government Accountability Office (GAO)
- 3) Parties designated by the federal or state governments or by the City as part of an audit quality review process.

### **C. Cooperation During Transition to New Auditor Firm**

Notwithstanding the City's PSA Article 9.7 Cooperation Auditor will be required to respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

### **D. Required Reports**

Following the completion of the audit of the City's financial statements, the Auditor must provide the following reports:

- 1) City of Chicago Basic Financial Statements
  - a) City of Chicago Comprehensive Annual Financial Report
- 2) O'Hare Fund Basic Financial Statements
  - a) O'Hare Fund Comprehensive Annual Financial Report
- 3) Midway Fund Basic Financial Statements
  - a) Midway Fund Comprehensive Annual Financial Report
- 4) Water Fund Basic Financial Statements
  - a) Water Fund Comprehensive Annual Financial Report
  - b) Water Fund Debt Compliance Letter
- 5) Sewer Fund Basic Financial Statements
  - a) Sewer Fund Comprehensive Annual Financial Report
  - b) Sewer Fund Debt Compliance Letter
- 6) Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- 7) Hilton O'Hare Financial Statements
- 8) Office of the City Treasurer, City of Chicago Schedule of Cash and Investments

- 9) Office of the City Treasurer, City of Chicago Examination of Its Compliance with Its Statement of Investment Policy and Guidelines
- 10) Special Purpose Schedules of Chicago Public Library/Chicago Public Library System of Chicago, Illinois.
- 11) Sales Tax Securitization Corporation Basic Financial Statements
- 12) Bond Issuance Reviews related to each City debt offering.

**E. Deficiency Findings Reporting**

The Auditor's responsibility in accordance with generally accepted auditing standards, must communicate in writing to DOF management articulating findings relating to any significant deficiency<sup>1</sup>, material weakness<sup>2</sup>, or control deficiency<sup>3</sup> discovered during the audit.

Significant deficiencies that are also material weaknesses shall be identified as such in the report. In addition, the following conditions shall be reported:

- I. **Irregularities and/or illegal acts, or both:** Auditors must immediately provide a written report to DOF management describing the discovery of any and all suspected irregularities and any and all suspected illegal acts or any or all indications of such possible irregularities and/or illegal acts of which they become aware.
- II. **Reporting to the Committee on Finance.** The City's Committee on Finance has oversight responsibilities for the City's financial reporting process. In accordance with professional auditing protocol therefore, Auditors must report any such irregularities and illegal acts, including each of the following:
  - 1) Significant accounting policies
  - 2) Management judgments and accounting estimates
  - 3) Significant audit adjustments
  - 4) Auditor's judgment about the quality of the City's accounting principles.
  - 5) Other information in documents containing audited financial statements
  - 6) Disagreements with management
  - 7) Management consultation with other accountants
  - 8) Major issues discussed with management prior to retention
  - 9) Difficulties encountered in performing audit
  - 10) Fraud identified or suspected that involves management, employees of the City who have significant roles in internal control, or other employees of the City when the fraud results in a material misstatement of the financial statements.

**F. Timeline of Audit Schedules and Audit Report Deliverables**

The timeline of Deliverables indicated in Table 1 below, and the “Deliverable Item Details for Fiscal Year 2021 CAFR” described below, are targeting fiscal year 2021 based on the assumption that the actual Effective Date of the Contract between the Auditor and City pursuant to this RFP shall be sometime around October 2021. Each fiscal year audited thereafter, including fiscal years audited pursuant to any Contract extension option year, is expected to follow the same “Completion by Target Dates” as indicated in Table 1, below, as well as the “Deliverable Item Details for Fiscal Year 2021 CAFR” described below; albeit subject to change in the event of any unforeseen circumstance or as may otherwise be determined by the City.

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<sup>1</sup> A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

<sup>2</sup> A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

<sup>3</sup> A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

Exhibit 1 - Table 6 Deliverable Items and Timeline (at time of Contract award)

Item	Deliverable	Completion by Target Dates
1	Detailed Audit Plan for fiscal year 2021	October 29, 2021
2	Fieldwork for fiscal year 2021	June 30, 2022
3	Conferences <sup>4</sup>	TBD
4	Progress Reports	Weekly
5	Draft Reports	Mid-June 2022
6	Preliminary Management Letter	June 20, 2022
7	Final Financial Statements and Supplemental Information	June 30, 2022
8	Completion of all Reports and the audit process; 2021 CAFR issued	June 30, 2022

**G. Deliverable Item Details for Fiscal Year 2021 CAFR:**

- 1) **Detailed Audit Plan.** The Auditor shall provide to the City both a detailed audit plan and a list of all schedules to be prepared by the City.
- 2) **Fieldwork.** The Auditor shall complete all fieldwork by June 30, 2022 for the City for the FY 2021 audit.
- 3) **Conferences.** The Auditor shall conduct the following Conferences as required:
  - a. Entrance Conference with the Comptroller Office and other City departments will be held to discuss prior audit problems, establish overall liaison for the audit, and make onsite work space and any other arrangements the Auditor may find necessary to provide the Services.
  - b. Progress Conference with the Comptroller Office will be held to summarize results of the preliminary review and to identify the key internal controls or other matters that need to be analyzed and tested.
  - c. Audit Status Conference with the Comptroller Office must be scheduled to provide weekly status updates on testing and requests for data or documents as may be necessary to complete fieldwork and discuss the status of fieldwork to determine if additional work is necessary to ensure an efficient and complete audit.
  - d. Exit Conference with the Comptroller Office must be scheduled to summarize the results of the fieldwork and to review any and all significant findings which may have been discovered pursuant to the audit.
- 4) **Progress Reports.** The auditor shall provide weekly reports on the progress of the audit.
- 5) **Draft Reports.** The Auditor shall provide all draft Financial Statements and Supplemental Information to the Comptroller Office in early and mid-June 2022
- 6) **Final Report.** The Auditor shall provide the final Financial Statements and Supplemental Information to the Comptroller Office no later than June 30, 2022.
- 7) **CAFR Report.** The reporting and audit process must be completed and the final 2021 CAFR will be issued by June 30, 2022.
- 8) **Preliminary Management Letter.** The auditor shall provide for discussion a preliminary management letter indicating findings and recommendations to the Comptroller.
- 9) Final Management Letter.

**H. Non-Requirements of Auditor**

The Auditor is not required to audit the introductory section of the CAFR or the statistical section of the CAFR.

The Auditor is not required to audit the combining and individual fund financial statements and supporting schedules. However, the Auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.

The Auditor is not required to perform audit procedures to Federal grant program transactions, for purposes of issuing auditor's reports in accordance with the single audit concept under the provisions of U.S. Office of Management and Budget ("OMB") 2 CFR Part 2, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards ("*Super Circular*") and the U.S. General Accountability Office's *Government Auditing Standards* (2011 Revision). Such audit procedures will be performed by other auditors.

<sup>4</sup> Conferences will be held on dates agreed upon by the City pursuant to the negotiation and execution of a Contract.

## **I. Invoices**

The Auditor may submit invoices monthly, in arrears. Each invoice must list the hours of work performed by each category of personnel type. The cumulative invoiced amount for each audit will in no case exceed the Maximum All-Inclusive Not To Exceed Total for that audit. Once the Maximum All-Inclusive Not To Exceed Total is reached for any audit, Auditor must complete the services for that audit without any additional compensation.

## **J. TASK ORDERS for Additional Audit Requirements**

From time to time, local, state, or federal regulatory agencies may require the City to conduct audits and/or procedures not already specified in the Scope of Work.

The Auditor may be required to perform such additional audits as “Additional Services” if deemed necessary by the City and provided that the Task Order falls within the scope of Municipal Code Sec. 2-32-210. Such “Task Order” process, shall generally proceed as follows:

- 1) The Department of Finance shall write-out the scope of services, deliverables, and timeline as required and submit those requirements to the Auditor for consideration.
- 2) The Auditor shall review the written Task Order requirements and propose a solution and estimated number of man-hours to complete the Task Order requirements accordingly. (If required, a revised version of the Task Order requirements may be agreed upon by the parties.) The cost for the proposed solution must be provided at rates no greater than the rates set forth in the Compensation Schedule of the Agreement.
- 3) The City and Auditor shall negotiate the proposed solution, subject for approval by the Committee on Finance.



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## **EXHIBIT 2** **Insurance Requirements**

**NOTE to Respondent:**

No certificate of insurance for the following insurance requirements are required to be included as part of your Proposal submittal package. However, compliance with the insurance requirements along with supporting certificates of insurance and any additional insured endorsements or other evidence of insurance as may be applicable, shall be required in the event of Contract award.

Auditor must provide and maintain for the life of this Contract and at Auditor's own expense, until completion of the Contract and during the time period following final completion if Auditor is required to return and perform any additional work or services, the insurance coverages and requirements specified below, insuring all work, services, or operations related to the Contract.

### **A. INSURANCE REQUIRED**

1) Workers Compensation and Employers Liability (Primary and Umbrella)

Workers Compensation Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Contract and Employers Liability coverage with limits of not less than \$500,000 each accident; \$500,000 disease-policy limit and \$500,000 disease-each employee, or the full per occurrence limits of the policy, whichever is greater.

Auditor may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

2) Commercial General Liability (Primary and Umbrella)

Commercial General Liability Insurance or equivalent must be maintained with limits of not less than \$1,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater, for bodily injury, personal injury, and property damage liability. Coverages must include but not be limited to the following: All premises and operations, products/completed operations, separation of insureds, defense, and contractual liability (not to include Endorsement CG 21 39 or equivalent).

The City must be provided additional insured status with respect to liability arising out of Auditor's work, services or operations performed on behalf of the City. The City's additional insured status must apply to liability and defense of suits arising out of Auditor's acts or omissions, whether such liability is attributable to the Auditor or to the City on an additional insured endorsement form acceptable to the City. The full policy limits and scope of protection also will apply to the City as an additional insured, even if they exceed the City's minimum limits required herein. Auditor's liability insurance must be primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Auditor may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

3) Automobile Liability (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work, services, or operations to be performed, Automobile Liability Insurance must be maintained by the Auditor with limits of not less than \$1,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater, for bodily injury and property damage and covering the ownership, maintenance, or use of any auto whether owned, leased, non-owned or hired used in the performance of the work or services. The City is to be added as an additional insured on a primary, non-contributory basis.

Auditor may use a combination of primary and excess/umbrella policy/policies to satisfy the limits of liability required herein. The excess/umbrella policy/policies must provide the same coverages/follow form as the underlying policy/policies.

4) Excess/Umbrella

Excess/Umbrella Liability Insurance must be maintained with limits of not less than \$1,000,000 per occurrence, or the full per occurrence limits of the policy, whichever is greater. The policy/policies must provide the same coverages/follow form as the underlying Commercial General Liability, Automobile Liability, Employers Liability and Completed Operations coverage required herein and expressly provide that the excess or umbrella policy/policies will drop down over reduced and/or exhausted aggregate limit, if any, of the underlying insurance. The Excess/Umbrella policy/policies must be primary without right of contribution by any other insurance or self-insurance maintained by or available to the City.

Auditor may use a combination of primary and excess/umbrella policies to satisfy the limits of liability required in Sections A.1, A.2, A.3 and A.4 herein.

5) Professional Liability

When any accountants, auditors, financial professionals or any other professionals perform work, services, or operations in connection with this Contract, Professional Liability Insurance covering acts, errors, or omissions must be maintained or cause to be maintained, with limits of not less than \$2,000,000. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede start of work or services on the Contract. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

6) Valuable Papers

When any, media, data, financials reports or records, audits, and other documents are produced or used under this Contract, Valuable Papers Insurance must be maintained in an amount to insure against any loss whatsoever, and must have limits sufficient to pay for the re-creation and reconstruction of such records.

7) Property

Auditor is responsible for all loss or damage to personal property (including but not limited to materials, equipment, tools and supplies) owned, rented, or used by Auditor.

**B. Additional Requirements**

Evidence of Insurance. Auditor must furnish the City of Chicago, Department of Finance Room 700, Contracts Coordinator, 121 N. LaSalle, Chicago, IL 60602-1246, original certificates of insurance and additional insured endorsement, or other evidence of insurance, to be in force on the date of this Contract, and renewal certificates of Insurance and endorsement, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Contract.

Auditor must submit evidence of insurance prior to execution of Contract. The receipt of any certificate does not affirm that the insurance requirements in the Contract have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of Contract. The failure of the City to obtain, nor the City's receipt of, or failure to object to a non-complying insurance certificate, endorsement or other insurance evidence from Auditor, its insurance broker(s) and/or insurer(s) will not be construed as a waiver by the City of any of the required insurance provisions.

Auditor must advise all insurers of the Contract provisions regarding insurance.

The City in no way warrants that the insurance required herein is sufficient to protect Auditor for liabilities which may arise from or relate to the Contract. The City reserves the right to obtain complete, certified copies of any required insurance policies at any time.

Failure to Maintain Insurance. Failure of the Auditor to comply with required coverage and terms and conditions outlined herein will not limit Auditor's liability or responsibility nor does it relieve Auditor of the obligation to provide insurance as specified in this Contract. Nonfulfillment of the insurance conditions may constitute a violation of the



Contract, and the City retains the right to suspend this Contract until proper evidence of insurance is provided, or the Contract may be terminated.

Notice of Material Change, Cancellation or Non-Renewal. Auditor must provide for sixty (60) days prior written notice to be given to the City in the event coverage is substantially changed, canceled or non-renewed and ten (10) days prior written notice for non-payment of premium.

Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions on referenced insurance coverages must be borne by Auditor.

Waiver of Subrogation. Auditor hereby waives its rights of subrogation and agrees to require their insurers to waive their rights of subrogation against the City under all required insurance herein for any loss arising from or relating to this Contract. Auditor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City received a waiver of subrogation endorsement for Auditor's insurer(s).

Auditor's Insurance Primary. All insurance required of Auditor under this Contract shall be endorsed to state that Auditor's insurance policy is primary and not contributory with any insurance carrier by the City.

No Limitation as to Auditor's Liabilities. The coverages and limits furnished by Auditor in no way limit the Auditor's liabilities and responsibilities specified within the Contract or by law.

No Contribution by City. Any insurance or self-insurance programs maintained by the City do not contribute with insurance provided by Auditor under this Contract.

Insurance Not Limited by Indemnification. The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Contract or any limitation placed on the indemnity in this Contract given as a matter of law.

Insurance and Limits Maintained. If Auditor maintains higher limits and/or broader coverage than the minimums shown herein, the City requires and shall be entitled to the higher limits and/or broader coverage maintained by Auditor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Joint Venture or Limited Liability Company. If Auditor is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

Other Insurance obtained by Auditor. If Auditor desires additional coverages, the Auditor will be responsible for the acquisition and cost.

Insurance required of Subcontractors. Auditor shall name the Subcontractor(s) as a named insured(s) under Auditor's insurance or Auditor will require each Subcontractor(s) to provide and maintain Commercial General Liability, Commercial Automobile Liability, Worker's Compensation and Employers Liability Insurance and when applicable Excess/Umbrella Liability Insurance and Professional Liability Insurance with coverage at least as broad as outlined in Section A, Insurance Required. The limits of coverage will be determined by Auditor.

Auditor shall determine if Subcontractor(s) must also provide any additional coverage or other coverage outlined in Section A, Insurance Required.

Auditor is responsible for ensuring that each Subcontractor has named the City as an additional insured where required and name the City as an additional insured on an endorsement form at least as broad and acceptable to the City.

Auditor is also responsible for ensuring that each Subcontractor has complied with the required coverage and terms and conditions outlined in this Section B, Additional Requirements.

When requested by the City, Auditor must provide to the City certificates of insurance and additional insured endorsements or other evidence of insurance. The City reserves the right to obtain complete, certified copies of any required insurance policies at any time.

Failure of the Subcontractor(s) to comply with required coverage and terms and conditions outlined herein will not limit Auditor's liability or responsibility.

City's Right to Modify. Notwithstanding any provisions in the Contract to the contrary, the City, Department of Finance, Risk Management Office maintains the right to modify, delete, alter or change these requirements.



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**EXHIBIT A**  
**HISTORICAL CAFR REPORTS**

For reference purposes only, see Appendix XII of the City of Chicago Comprehensive Annual Financial Reports from copies of the City's Illinois' Comprehensive Annual Financial Report (CAFR) for the fiscal years ended December 31, 2019 and December 31, 2018. at:

[http://www.chicago.gov/city/en/depts/fin/supp\\_info/comprehensive\\_annualfinancialstatements.html](http://www.chicago.gov/city/en/depts/fin/supp_info/comprehensive_annualfinancialstatements.html)



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**EXHIBIT B**  
**DEFINITIONS**

For purposes of this RFP, unless as may otherwise be provided, the following capitalized terms shall have the following meanings.

“**Auditor**” is the entity awarded a contract pursuant to this RFP process.

“**CAFR**” is an acronym for the City’s annual “Comprehensive Annual Financial Report”.

“**Committee on Finance**” <https://chicago.councilmatic.org/committees/> is a legislative body of City officials composed of various Aldermen to rule on matters involving City expenses and having authority to enter into the Contract with Auditor.

“**Comprehensive Annual Financial Report**” is a set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB).

“**Contract**” or “**Agreement**” is the document executed between the Auditor and City, agreeing to the terms and conditions as set out in the document, accordingly.

“**Department**” refers to any of the City of Chicago’s 33 various departments.

“**GASB**” is an acronym for the Governmental Accounting Standards Board.

“**GATA**” is an acronym for the State of Illinois Grant Accountability and Transparency Act.

“**OMB**” is an acronym for the U.S. Office of Management and Budget.

“**PSA**” is an acronym for “Professional Services Agreement” (see EXHIBIT C Sample PSA).

“**Respondent**” is the entity submitting a Proposal in response to this RFP.

“**STSC**” is an acronym for Sales Tax Securitization Corporation.

“**Working Papers**” are the collection of documents assembled by an auditor while examining the financial records of a client. Work papers provide the evidence upon which an auditor's opinion regarding a client's financial records is based.



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**EXHIBIT C**  
**Sample PSA**

EXHIBIT C Sample PSA is incorporated here by reference.

EXHIBIT C Sample PSA is a separate Word.docx file with file name: “Sample PSA for CAFR RFP” and contains a “DRAFT” watermark.



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