

**PROPOSAL FOR PROFESSIONAL AUDIT SERVICES
DES MOINES AREA MPO**



**1601 22nd Street, Suite 400
West Des Moines, Iowa 50266
Phone (515) 453-1628
Contact Person: David Ellis, Partner
www.denman-cpa.com
e-mail: dellis@denman-cpa.com
April 6, 2020**

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April 6, 2020

Mr. Todd Ashby
CEO/Executive Director
420 Watson Powell Jr. Parkway
Suite 200
Des Moines, Iowa 50309

Dear Mr. Ashby:

We are pleased to present our proposal for audit services to the Des Moines Area MPO. We will audit the financial statements for the years ending June 30, 2020, 2021, 2022, 2023 and 2024 in accordance with the standards outlined in the proposal. We will perform the audits within the time period presented in the proposal. The proposal includes our firm profile and qualifications, which will explain to you how our capabilities and experience make Denman & Company, LLP uniquely qualified to serve you. The attached outlines the terms of our proposal and is a firm and irrevocable offer for sixty days.

We appreciate this opportunity to present our proposal to you, which explains our capabilities and experience in governmental auditing. We would be pleased to discuss any aspect of this proposal with you.

Very truly yours,

DENMAN & COMPANY, LLP

A handwritten signature in black ink that reads "David Ellis". The signature is written in a cursive style with a large initial "D" and "E".

David Ellis, Partner
On Behalf of the Firm

Attachment

FIRM PROFILE AND QUALIFICATIONS

Independence

We are aware of no relationship or condition which would impair the independence of our firm with respect to the Des Moines Area MPO. Our Firm's policy is to comply with AICPA Professional Standards Volume 2, "Code of Professional Conduct, Bylaws, and Quality Control", and "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" regarding matters of independence. We have not provided audit or other services for the Des Moines Area MPO for the past five years which would impair the independence of the Firm with respect to the Des Moines Area MPO.

License to Practice in Iowa

We are a member of the AICPA Division for CPA Firms and our CPAs are individually members of the American Institute of Certified Public Accountants and the Iowa Society of Certified Public Accountants and are licensed to practice in the State of Iowa. Our firm and all assigned key professional staff are in compliance with the registration and permit requirements to engage in the practice of public accounting in the State of Iowa.

We are committed to quality and technical excellence. The Peer Review Program under the American Institute of Certified Public Accountants (AICPA) is an indicator of an accounting firm's quality. We have successfully completed our thirteenth independent peer review. The peer review determined that our practices and procedures comply with stringent quality control standards established by the AICPA. Our most recent peer review included a review of several governmental engagements, including the City of Pleasant Hill, Iowa.

Firm Qualifications and Experience

Denman & Company, LLP is one of the largest Iowa based CPA firms and is comprised of eight partners, five managers, six supervisors, and over twenty-five other professional staff. We are a one office firm located in West Des Moines, Iowa. We have a total of thirty-one CPAs in our office. We offer clients a full range of accounting, auditing, tax and consulting services. Our Firm has been in practice for over sixty years and has been serving as independent certified public accountants for governmental entities since inception.

We have submitted copies of audit reports to various Offices of Inspector General for desk reviews since the Single Audit Act and the Uniform Guidance have been effective. The desk reviews have always been satisfactory and have not resulted in field reviews of any of our audits.

Average Staff Experience

The partners and managers of our Firm collectively have over three hundred years of experience in public accounting. A partner at Denman & Company, LLP has an average of thirty years of experience, a manager has an average of eleven years of experience and the professional staff average over four years of experience each.

Denman & Company, LLP performs audits for numerous governmental entities; all of the personnel involved with audits have governmental auditing experience.

FIRM PROFILE AND QUALIFICATIONS

Government Auditing Experience

At Denman & Company, we pride ourselves on being experts in governmental accounting and auditing, our Firm was one of the leading private firms in the State of Iowa in issuing governmental and Single Audit reports. Our Firm has a total of twenty professionals who have met the educational requirements set out in *Government Auditing Standards* as issued by the Comptroller General of the United States and have participated in engagements subject to these standards and the provisions of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (the Uniform Guidance). These professionals are all available to be involved as needed in the performance of your audit. All of the individuals listed on the "Engagement Team Profile" who will be involved in the audit portion of the engagement have met the requirements noted above.

Supervision and Review

We utilize a consistent program of planning, supervision and review of all engagements. It is the responsibility of the engagement partner to assure that all engagements are adequately planned and supervised. The engagement partner may delegate this function, but must be certain that all personnel assigned to the engagement are involved in the process to an appropriate degree.

An essential part of the planning is the development or updating of adequate information about the client to allow:

- An understanding of the industry and special characteristics of the client.
- Consideration of current economic conditions or external influences affecting the client.
- Determination of manpower requirements and time estimates.
- Arrangements to be made for work to be performed by specialized personnel.

It is the policy of our Firm that professional staff members are properly supervised by a qualified member of our Firm, normally a partner, during the performance of engagement procedures. The close supervision assures that adequate and proper engagement procedures are performed in the most efficient manner.

In accordance with our adopted quality control standards, all procedures performed and workpapers prepared by staff members are first reviewed and approved by the supervisory person. A second review is performed by a member of our assurance services committee that is considered to be a specialist in the industry. We feel the supervision and review procedures followed enable our Firm to assure our clients will receive high quality professional services.

Continuing Professional Education

Our Firm's quality control document requires all professional personnel to complete a minimum of one hundred twenty hours of CPE in the last three calendar years, but not less than twenty hours every year. All professional persons are encouraged to include at least forty hours of accounting and auditing subjects each year in their continuing education.

Denman & Company, LLP will assure the Des Moines Area MPO that all professional personnel will attend continuing professional education courses to meet the requirements set forth by the "Revised Yellow Book" published by the Office of Management and Budget (OMB).

FIRM PROFILE AND QUALIFICATIONS

Partner, Supervisory, and Staff Qualifications and Experience

By their nature, professional services are inseparable from the people who deliver them. We have assembled a team who has the experience and business skills you need. The team members who will serve you are committed to quality, teamwork, communication and service to our clients. You can look forward to continuing a strong professional relationship with them.

The engagement team assigned to service the Des Moines Area MPO

David Ellis, CPA will serve as overall engagement partner for this engagement. He will be responsible for ensuring adequate professional staff, with the appropriate level of experience, are utilized to provide you with the most efficient and effective delivery of service by professionals with a comprehensive understanding of governmental accounting. He has over thirty-four years of public accounting experience and has been associated with our firm for over twenty-four years. A majority of that time has been devoted to governmental accounting and auditing. He is licensed to practice as a certified public accountant in Iowa. He is independent with respect to the Des Moines Area MPO, as defined by *Government Auditing Standards*. He has been involved with the audits of numerous cities and other governmental entities. He will be involved in the audit planning, internal control structure evaluation, audit program preparation, supervising performance of audit procedures and financial report review. He has received continuing education at the following courses: The Iowa Governmental Roundtable, Iowa Local Government Audit Update, Governmental Accounting and Auditing Update, Performing Effective Yellowbook Audits, and various other auditing courses. He is a member of Government Finance Officers Association. He has assisted clients in obtaining the GFOA Certificate of Achievement for Excellence in Financial Reporting and the ASBO Certificate of Excellence in Financial Reporting.

Robert Endriss, CPA, will serve as Manager. He has over nine years of audit experience, with a significant amount of time committed to governmental accounting and auditing. He is licensed to practice as a certified public accountant in Iowa. He has been involved with the audits of various governmental entities including the City of Waukee, City of Ankeny and City of Pleasant Hill. He will be responsible for audit planning, internal control evaluation, supervising audit fieldwork procedures and audit report preparation. He is independent with respect to the Des Moines Area MPO, as defined by *Government Auditing Standards*. He has received continuing education through the Iowa Local Government Audit Update, The Iowa Governmental Roundtable, Governmental Accounting and Auditing Update and other related courses.

Joe Sparks, CPA will serve as audit in-charge for this engagement. He has almost two years of audit experience with the Firm and previously had over four years of experience with the Iowa Auditor of State's office. He has experience with audits of various state agencies and local governments. He is independent with respect to the Des Moines Area MPO, as defined by *Government Auditing Standards*. He is licensed to practice as a certified public accountant in Iowa. He will be involved with audit planning, internal control structure evaluation, audit program preparation, supervising and performing audit procedures and financial report preparation. He has received continuing education through the Iowa Governmental Roundtable, Iowa Local Government Audit Update and various other training courses through the Iowa Auditor of State's Office

FIRM PROFILE AND QUALIFICATIONS

We would expect to use one additional staff member during the performance of the audit. The staff member will have participated in governmental audits since joining our Firm and currently have similar responsibilities for other audits. Our Firm's policy is to attempt to maintain staff continuity on engagements. Circumstances may arise which may necessitate changes in scheduling audit assistants; however, we make every effort to establish consistency in staffing. We consult with client personnel in charge of the audit process on any changes in engagement staffing. Our clients do have the ability to request staffing changes. We will work with you to assure that the staff assigned to the engagement provides the best service possible for the MPO.

Other supervisory personnel who have experience in governmental auditing and who are available for consultation are as follows:

Robert Holtzbauer, Partner	Over 35 years of experience
Jay Horn, Partner	Over 35 years of experience
Steve Bruner, Partner	Over 25 years of experience
Steve Schweizer, Partner	Over 28 years of experience
Mandi Holcomb, Partner	Over 18 years of experience
David Peirce, Manager	Over 15 years of experience
Keith Kistenmacher, Supervisor	Over 12 year of experience

We believe our Firm offers you a number of advantages including prompt attention to your needs, a familiarity and understanding of your service area, and the personal involvement of our partners and managers. **These partners and managers work personally with you to provide the professional services you require.**

Our service philosophy is focused on adding value. We view our role as business advisors who know your organization, keep informed of current activities, and provide you with timely advice to help you achieve your goals. **Our considerable expertise with governmental entities allows us to provide you with more than an audit. We closely monitor applicable accounting issues and will promptly communicate interpretations of changes to you.**

We recognize our most important product is prompt and effective service of the highest quality. All our efforts are directed toward achieving that goal. We believe we can serve you to your complete satisfaction. **Accessibility and availability of partners and professionals to our clients is of paramount importance to us. The highest level of skills available to our Firm will be brought to bear on the servicing of your needs.**

To obtain further information as to our Firm, including the proposed engagement team, visit our web-site at www.denman-cpa.com.

FIRM PROFILE AND QUALIFICATIONS

Similar Engagements

A sample of our similar engagements follows:

City of Waukee Date of work: 2001 to present Governmental and business-type activities Single Audit	Contact: Linda Burkhart (515) 987-4522 Partner: David Ellis Manager: Robert Endriss	300 hours
City of Pleasant Hill Date of work: 2012 to present Governmental and business-type activities	Contact: Dena Spooner (515) 309-9410 Partner: David Ellis Manager: Robert Endriss	150 hours
City of Clive Date of work: 2015 to present Governmental and business-type activities	Contact: Joyce Cortum (515) 223-6220 Partner: David Ellis Manager: Keith Kistenmacher	200 hours
City of Indianola Date of work: 2018 to present Governmental and business-type activities	Contact: Andy Lent (515) 962-5246 Partner: David Ellis Manager: Robert Endriss	200 hours
Des Moines Area Community College Date of work: 2004 to present Business-type activities Single Audit	Contact: Ben Voaklander (515) 964-6375 Partner: David Ellis Manager: Keith Kistenmacher	485 hours

SPECIFIC AUDIT APPROACH AND PROJECT SCHEDULE

Our audit of the financial statements will be conducted in accordance with auditing standards generally accepted in the United States, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Single Audit Act of 1984 (as amended in 1996), the Uniform Guidance, and Chapter 11 of the Code of Iowa. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit will provide a reasonable basis for expressing an opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the Des Moines Area MPO.

Our audit is subject to the inherent risk that material errors, irregularities, or illegal acts including fraud or defalcations, if they exist, will not be detected. However, we will inform you of any such matters that come to our attention. We will also communicate to you any deficiencies in internal control that we observe. During the course of our audit, we will try to initiate ideas or observations that we believe will help improve the operations of the Des Moines Area MPO. It is our practice to bring such matters to the attention of the appropriate level of management either orally or in writing. Upon completion of the audit, we will meet with the management team to review the financial statements and comments and recommendations.

Our audit will be performed using a year-end audit approach. Procedures will be applied to account balances as of June 30, 2020. We will segment the audit by account type, cash and investments, accounts receivable, capital assets, current liabilities, long-term debt, fund balances, federal grants, State of Iowa compliance and operations. The level of staff assigned to each of these segments will be based on the materiality and audit risk associated with the account balance and activity. We will then design an audit strategy for each segment based on the risk and materiality. Audit strategies include testing each item (precision), sampling or analytical procedures. Sampling will be performed on all material account balances except for direct confirmation of amounts received from federal and state sources. Analytical procedures will be used on all immaterial account balances and revenue and expense accounts. Statistical sampling will be used when it is deemed efficient. For accounts with a relatively few number of large items making up the balance, a nonstatistical sample will be used. We will document internal control by use of questionnaires, job descriptions, flowcharts and observation. These questionnaires are also designed to help determine applicable laws and regulations and will be used to determine nature, timing and extent of tests to be performed.

SPECIFIC AUDIT APPROACH AND PROJECT SCHEDULE

Following is the anticipated segmentation of the engagement, level of staff and estimated hours related to each segment:

Planning, confirmations, systems	Partner, manager, supervisor	5-10 hours
Cash and investments	Staff	10-15 hours
Precision audit procedures, third party confirmations		
Accounts receivable	Staff	5-10 hours
Sampling audit procedures, third party confirmations		
Capital assets	Manager, supervisor	5-10 hours
Sampling audit procedures		
Long-term debt	Manager, supervisor	5-10 hours
Precision audit procedures, third party confirmations		
Current liabilities	In-charge, staff	5 hours
Analytical audit procedures		
Construction projects	Manager, staff	5-10 hours
Sampling and analytical audit procedures		
Fund balances	In-charge, staff	2 hours
Precision audit procedures		
Operations	In-charge, staff	5-10 hours
Analytical audit procedures		
Budget and commitments	In-charge	4 hours
Analytical audit procedures		
Federal grants	Manager, in-charge	15-20 hours
Sampling audit procedures, third party confirmations		
State of Iowa compliance matters	Manager, in-charge	5-10 hours
Sampling audit procedures		
Review and report matters	Partner, manager, in-charge	<u>10-15 hours</u>
	Total	<u>80-120 hours</u>

SPECIFIC AUDIT APPROACH AND PROJECT SCHEDULE

We do not anticipate any areas of potential audit problems.

The engagement will include the following services:

- Audit of the financial statements of the Des Moines Area MPO.
- Report on internal control and compliance related matters noted in our audit of the financial statements.
- Report on internal control and compliance over major federal programs required by the Uniform Guidance.
- Presentation of audit to the Budget Committee and MPO Policy Committee (Board).

A proposed time table for the completion of the engagement for the year ending June 30, 2020 is as follows:

Planning meeting – May 22, 2020

Preliminary field work—July 6-10, 2020

Final field work - We will schedule final work to begin September 4, 2020. We anticipate this will take all or part of one week to complete.

Final reports - We will deliver signed audit opinions by December 4, 2020.

This proposed time table is dependent upon the receipt of the schedules and reports from MPO personnel in a timely manner.

Our Firm is sensitive to your responsibility to control costs and we desire to help you achieve your business goals by providing cost-effective services. Our engagement team's experience with governmental entities enables us to deliver efficient service.

It is not our policy to bill you for responding to routine inquiries or questions requiring no significant commitment of research time on our part. We prefer our clients consider us as year round advisors, a resource to assist with issues and questions. Professional fees for special projects requiring significant amounts of time will be negotiated and billed separately.

SPECIFIC AUDIT APPROACH AND PROJECT SCHEDULE

We have indicated above the services to be included in our proposed fee. If circumstances arise during the course of providing those services which would require reconciliation procedures or which would cause additional work on our part, we would discuss those issues with the MPO's representative who oversees the audit process. We would encourage the MPO's staff to complete as many of these procedures as possible; however, if we are requested to do so, we would complete the work and bill the MPO at our standard rates.

We hope you get at least two strong impressions of Denman & Company, LLP. First, we offer a team of professionals who are experts at accounting and financial and management planning, for governmental entities. Second, we understand your entity and the need you have for an accounting firm. We can assure you that the MPO will receive the best service available from Denman & Company, LLP. We would very much like to work with you and look forward to a positive response to this proposal and a long and mutually satisfying relationship. If you have any questions regarding this proposal, please contact us at your convenience.



Administering peer reviews for the following:

Illinois CPA Society | Indiana CPA Society | Iowa Society of CPAs | Kentucky Society of CPAs
South Carolina Association of CPAs | West Virginia Society of CPAs | Wisconsin Institute of CPAs

March 20, 2019

David Ellis
Denman & Company LLP
1601 22nd St Ste 400
West Des Moines, IA 50266-1453

Dear David Ellis:

It is my pleasure to notify you that on March 20, 2019, the Peer Review Alliance Committee accepted the report on the most recent System Review of your firm. The due date for your next review is September 30, 2021. This is the date by which all review documents should be completed and submitted to the administering entity.

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

Thank you for your cooperation.

Sincerely,

Peer Review Committee

Peer Review Committee
Peer Review Committee
peerreview@icpas.org 800.993.0407, then dial 6
Peer Review Alliance

cc: John Fisher, Mandi Holcomb

Firm Number: 900010016472

Review Number: 558825



CliftonLarsonAllen LLP
CLAAconnect.com

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

Partners of Denman & Company, LLP and the
Peer Review Committee of the Peer Review Alliance

We have reviewed the system of quality control for the accounting and auditing practice of Denman & Company, LLP (the firm) 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 Governmental Auditing Standards (including compliance audits under the Single Audit Act) and audits of employee benefit plans.

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 Denman & Company, LLP 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*. Denman & Company, LLP has received a peer review rating of *pass*.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue Washington
October 23, 2018



DES MOINES AREA MPO PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to obtain the insurance coverage specified in Section VIII of this request for proposal.
- B. Proposer warrants that it will not delegate or subcontract its responsibilities under this agreement without the prior written permission of the Des Moines Area MPO.
- C. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- D. Proposer warrants that neither the firm nor any of its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in any federal programs.

Signature of Authorized Firm Representative:



Name: David Ellis

Title: Partner

Firm: Denman & Company, LLP

Date: April 6, 2020