

CITY OF EXAMPLE

Notice to Bidders

***AUDIT SERVICE CONTRACT
Request for Proposal (RFP)***

The City of Example will be accepting sealed Proposals for the purpose of obtaining a qualified Certified Public Accountant to perform the audit of the financial statements of the City and its related component units as outlined in this proposal.

Proposals must be received by the Purchasing Office of the City of Example no later than (*enter submission deadline*). Failure to deliver Proposal on time will result in rejection of the Proposal.

Inquiries regarding this Proposal may be directed in writing to:

(Name)
City of Example
103 SW 4th
Example, OK 73501-4031
(Email)
(Phone)

GENERAL TERMS AND CONDITIONS OF PROPOSALS

(These items apply to and become a part of the proposal. No exceptions to these terms & conditions will be considered.)

1. Proposals must be submitted on this form only, including a signature of authorized agent. Be sure envelope is completely and properly identified and sealed.
2. No Proposer may withdraw his/her proposal for a period of thirty (30) days after the date and hour set for the opening of proposals.
3. The Proposer shall show in the proposal both the unit prices and total amount, where required, of each item listed. In the event of error or discrepancy in the mathematics, the unit prices shall prevail.
4. Any exceptions or deviations from written specifications shall be shown in writing and attached to the Proposal form.
5. **The enclosed forms regarding non-collusion and financial interest must be signed, notarized and returned with the Proposal.**
6. **The City of Example reserves the right to reject any and all Proposals and to waive any technicalities in the Proposal.**
7. Proposal price shall be valid for a period of thirty (30) days after the opening date.

AWARD OF PROPOSAL

This Proposal shall be awarded to the firm whose proposal is judged most responsive to the Proposal and is most advantageous to the City of Example, considering the factors identified in the Proposal.

1. The Example City Council or City Management shall have the authority to award the contract.
2. The contract shall be awarded to the lowest secure Proposer meeting specifications. In determining “lowest secure proposer”, in addition to price, the following factors shall be considered:
 - The ability, capacity, skill and experience of the Proposer to fulfill the terms of the contract or provide the service required.
 - Whether the Proposer can fulfill the terms of the contract or provide the service promptly or within the time specified without delay or interference.
 - The character, integrity, reputation, judgment, experience and efficiency of the Proposer.
 - The quality of fulfillment of the terms of previous contracts or services.
 - The previous and present compliance of the Proposer with laws and ordinances relating to the contract or service.
 - The sufficiency of the financial resources and ability of the Proposer to fulfill the terms of the contract or provide the services required.
 - The quality, availability and adaptability of the contractual services to the particular use required.
 - The number and scope of the conditions attached to the Proposer.

CONTRACTOR/BIDDER INFORMATION SHEET
To be completed by all Bidders/Proposers for contracts with the
CITY OF EXAMPLE, OKLAHOMA
(Please print or type)

Description:

**Legal Identity (Corporation,
Partnership, Individual, etc.):**

Address:

Telephone No:

Fax No:

Taxpayer Identification No:

Contact Person:

Phone Number

Fax Number

E-mail Address

Webpage Address

AUDIT SERVICE CONTRACT

Specifications

REQUEST FOR PROPOSAL (RFP) #22-002

SECTION I – GENERAL SPECIFICATIONS

The City of Example is incorporated under the applicable laws of the State of Oklahoma and operates under a charter as a Council-Manager form of government. The City and its related component units provide municipal services necessary for the health and well being of its citizens, including police and fire protection, comprehensive land use planning and zoning services, code enforcement; streets and drainage, recreation and parks, cultural and nature services, transportation services, water, wastewater, and sanitation services, and necessary administrative services to support these activities.

The City's financial reporting entity is comprised of the following:

Primary Government:

City of Example

Blended Component Units:

Example Utility Authority

Example Parking Authority

Discretely Presented Component Units:

Example Metropolitan Area Airport Authority

Example Economic Development Authority

Each of the above noted discretely presented component units have separately audited financial statements that will be provided to the City's primary government auditor for inclusion in the reporting entity presentation. These units or entities have the responsibility to engage their auditor directly. As a result the audit of these entities financial statements are not included in the scope of this request for proposal. The selected auditor of the primary government will be expected to rely on the reports of the other auditors and make appropriate references to them in their reports.

The City maintains its internal accounting records on a modified cash basis (for budgetary accounting purposes) during the year. At year end, City staff prepares and posts the necessary journal entries to convert the records to GAAP. The conversion results in the reporting of governmental funds on the modified accrual basis of accounting and current financial resources measurement focus, while the proprietary

funds are reported on the accrual basis and economic resources focus. The City implemented GASB Statement No. 34 in fiscal year 2003.

As consultants to the City, Crawford and Associates, P.C. will be responsible for preparing a draft of the financial statements and notes, on our behalf, in accordance with GASB Statement 34 and related pronouncements, including the drafting of government-wide statements and the reconciliations between the government-wide and fund statements, and assisting in writing the MD&A. **It is imperative that the bidding audit firms consider this level of service to be provided by Crawford & Associates in the development of their proposal response as to hours and fees.**

SECTION II – SERVICES REQUIRED

A. General

The City is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2004. The Example City Council cannot bind future governing bodies; however, it is anticipated that the firm selected to serve as the City's independent auditor will be retained for at least five years, with annual evaluations made of the firm's services. These audits are to be performed in accordance with the generally accepted auditing standards and the standards applicable to financial statement audits of Government Auditing Standards as issued by the Comptroller General of the United States, as well as the provisions set forth in this RFP.

In addition, the auditor will be required to conduct a compliance audit over major federal award programs in accordance with requirements of the Single Audit Act and OMB Circular A-133, if federal awards expended exceed \$500,000 for the fiscal year.

B. Scope of Work

The City desires the auditor to audit the financial statements to express opinions on the fair presentation of the basic financial statements in conformity with generally accepted accounting principles. The opinion units will include: the City's governmental activities, business-type activities, each major fund, the aggregate remaining funds and the aggregate discretely presented component units.

The entities included in the scope of this audit are those identified Section One, excluding the discretely presented component units. These other entities will be audited by other auditors, whose report will be provided and relied upon.

The combining and individual financial statements and schedules for nonmajor funds, and other non-required supplementary information schedules will be presented for purposes of additional analysis. The auditor is to provide an "in-relation-to" report on these statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.

The Management Discussion and Analysis, budgetary comparison schedules and pension funding progress schedules will be presented as required supplementary information. The auditor will be responsible for applying certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, the auditor is not expected to audit the information nor express an opinion on it.

The independent accounting firm should be familiar with the State of Oklahoma statutes dealing with financial matters of Charter Cities and Public Trusts and should be familiar with the financial related sections of the Charter and Code of Ordinances of the City of Example. The firm will be asked to review the minutes of the City and its Public Trusts for the fiscal year being audited.

C. Other Considerations

In addition to the opinions on the basic financial statements, the auditor will be required to issue the by-product report on internal control and compliance over financial reporting in accordance with Government Auditing Standards. A separate management letter shall be prepared by the firm setting forth findings and recommendations relative to other internal control findings, fiscal affairs and other significant observations of the accounting firm during the course of the audit. All reports required by the Single Audit Act and OMB Circular A-133 must be provided, if applicable.

The accounting firm will be required to prepare and file the Annual Survey of City and Town Finances (form SA&I 2643) described in Section 17-105.1 of the Oklahoma Statutes.

The accounting firm will be readily available to answer questions throughout the year and meet with City staff if requested.

D. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties:

- The City of Example
- Parties designated by the federal or state government or by the City as part of an audit quality review process
- Auditors of entities of which the City is a recipient or subrecipient of grant funds

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. REPORT REQUIREMENTS AND RESPONSIBILITIES

The City's Finance Department staff, assisted by Crawford & Associates, will prepare end of year adjusting entries and will prepare working trial balances for the auditor. City staff may also prepare confirmations and certain schedules at year end which assist the external accounting firm. Finance Department and Crawford & Associates staff will be available during the audit to assist the audit firm by providing information, documentation and explanations.

The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to all telephone lines and photocopying facilities.

The auditor will be responsible for providing any proposed adjusting entries to the City management for review and acceptance. The audit firm will also provide a list of immaterial audit differences not proposed for adjustment. Once the audit is completed, the audit firm will supply the City with 25 copies of signed audit opinions and related reports. These reports must be submitted prior to December 15, 2006.

The firm will present the final report to an audit committee and/or the Example City Council. The firm will file the report with the Office of the State Auditor & Inspector before December 31, 2006.

IV. THE SELECTION PROCESS

A. City management will review all proposals and score each firm's proposal using the Proposal Specifications Evaluation Check List (see Exhibit 1). City staff may contact selected references provided by the accounting firm.

After the proposals have been scored and ranked based on qualifications and responsiveness, the sealed cost information will be opened and the firms will be ranked based upon their total all-inclusive maximum price. The two rankings will then be compared and an accounting firm will be recommended to the City Council.

B. Proposals should be structured in substantially the same format and order listed below:

- **Table of Contents**-Include a clean identification of the material by section and page number.

- **Scope**-Clearly define your understanding of the scope of services required.
- **Personnel**-Identify the supervisors, including audit in-charge or senior accountants *who will work* on the audit. Identify staff from other than the proposing office and list their home office(s). Resumes for each supervisory person assigned to the audit should be included and specific expertise indicated. Resumes may be included as an appendix. Include name and phone number of the person authorized to answer questions about the proposal.
- **Audit Approach**-Clearly define the firm's approach to conducting the audits.
- **Profile of the Firm**-State whether your firm is local, national or international. Give the location of the office from which the work is to be done and the number of partners, managers, seniors and other professional staff employed at that office. Describe the range of activities performed by the local office in the governmental area.
- **Governmental Experience**-Describe *local* office auditing experience for the last three (3) years similar to the type of audit requested and give names of current clients. Provide names and telephone numbers of client officials responsible for those audits listed. Before the acceptance of the firm's engagement letter, the successful accounting firm must certify to the City that the audit staff assigned to this audit has met the Government Auditing Standards requirements for continuing education.
- **Additional Data**-Give any additional information considered essential to this Proposal. Firms are requested to include results of their most recent external quality control review, including any letter of comments. Firms are encouraged to explain how they are able to assist the City in implementing new accounting pronouncements. Also identify any potential impairments to auditor independence that may exist between the firm and the City of Example and any of its public trusts.

C. Fee Proposals

Fee Proposals submitted in response to this RFP should be a maximum all-inclusive price to perform the audit. The sealed cost information should include a total price for the audit for 2003-04 fiscal year and an estimate for each of the four succeeding fiscal years. Include in the proposal a minimum of the following information:

- Budgeted hours by type of staff
- Hourly rate proposed by type of staff

- Total not-to-exceed fee, including expenses

Fee Proposals should be sealed in a separate envelope labeled “Cost Information”. The envelope should bear the firm's name and a return address.

D. Other

All statements made in the audit proposal may be incorporated by reference in the audit contract.

All proposing firms may make an on-site visit before their proposal is submitted. To schedule a site visit, contact the Finance Director. Contact with any members of the Example City Council regarding this RFP may be grounds for elimination from the selection process.

Progress payments will be made on the basis of hours worked and interim billings shall cover a period of not less than a calendar month.

V. INSTRUCTIONS FOR PROPOSAL SUBMITTAL

Two (2) copies of your proposal, including *sealed* cost information, must be submitted to the Clerk of the City of Example, City of Example, 103 SW 4th, 73501-4031, Example, Oklahoma no later than (*enter time and date*). Failure to deliver Proposal on time will result in rejection of the Proposal.

The attached “Bidder’s Affidavit” must accompany your proposal. It may be included as an appendix.

The City of Example reserves the right to reject any and/or all Proposals.

EXHIBIT I

Proposal Specifications Evaluation Check List

Name of Firm: _____

<u>Criteria</u>	<u>Points</u>	<u>Score</u>
1. Understanding of scope of services (0-15)		
a. Does the proposal exhibit a clear understanding of the extent of work and coordination involved in the audit engagement?	0-10	_____
b. Is the hourly breakdown sufficient to provide for adequate audit work and supervision?	0-5	_____
2. Qualifications of staff to be assigned to the audit engagement (0-40)		
a. Do the audit supervisors, i.e. seniors, managers and partners have prior City or other local government audit experience within the last three years?	0-8	_____
b. Do the audit supervisors have CPA certificates?	0-2	_____
c. Is the firm registered with the Oklahoma Accountancy Board?	0-3	_____
d. Does the firm provide its staff with continuing education in the government sector that meets the requirements of <u>Government Auditing Standards</u> ?	0-6	_____
e. Are the key staff to be assigned to the audit engagement located so that they will be available for consultation throughout the year?	0-3	_____

	f. Has the firm submitted an external quality control system review and any letter of comments?	0-3	_____
	g. Are there any deficiencies in the external quality control system review program?	0-15	_____
3.	Commitment to government accounting and auditing (0-20)		
	a. Is the proposing office involved in governmental organizations such as GFOA, GFOA of Oklahoma and Oklahoma Municipal League?	0-2	_____
	b. Does the proposing office exhibit a clear understanding of GAAP for government?	0-3	_____
	c. Does the proposing office have City and other local governments in Oklahoma as favorable references for their audit services?	0-10	_____
	d. Has the firm assisted a City that has been successful in obtaining the GFOA Certificate of Achievement award?	0-5	_____
4.	Audit approach and plan (0-13)		
	a. Is the audit plan specific and tailored to the City?	0-4	_____
	b. Does the proposal exhibit an appreciation for the City's needs?	0-3	_____
	c. Is the firm able to meet the time deadlines?	0-3	_____
	d. Does the firm have a clear understanding of the extent of participation in the audit work by City staff?	0-3	_____
5.	Single Audit (0-10)		
	a. Has the proposing office performed single audits in Oklahoma or elsewhere?	0-4	_____
	b. If yes to (a) above, is the person who was in charge of that engagement available regularly to assist in the City's single audit?	0-3	_____

c. Does the firm exhibit a clear understanding of single audit requirements?	0-3	_____
6. Other considerations (0-10)		
a. Is the proposing office sufficiently staffed with experienced accountants needed to conduct the audit engagement?	0-4	_____
b. Is the firm sufficiently independent?	0-4	_____
c. Is the proposal in the format and order recommended in the RFP?	0-1	_____
d. Did the firm follow all instructions in submitting the proposal and sealed "Cost Information" envelopes?	0-1	_____

BUSINESS RELATIONSHIP AFFIDAVIT

State of _____)
) ss
County of _____)

_____, of lawful age, being first duly sworn on oath that (s)he is the agent authorized by the bidder to submit the attached bid. Affiant further states that the nature of any partnership, joint venture, or other business relationship presently in effect of which existed within one (1) year prior to the date of this statement which the architect, engineer, or other part of the project is as follows:

Affiant further states that any such business relationship presently in effect or which existed within one (1) year prior to the date of this statement between any official or director of the architectural or engineering firm or any other party to the project is as follows:

Affiant further states that the names of all persons who have any such business relationships and the positions they hold with their respective companies or firms are as follows:

(If none of the business relationships hereinabove mentioned exists, affiant should so state)

Name: _____

Title: _____

Subscribed and sworn before me this _____ day of _____, 2006.

Notary Public