

REQUEST FOR PROPOSALS (RFP)

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Request for Proposal # 8060

AUDIT SERVICES

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ATTACHMENT

- A – Information Overview
- B – Fund Listing
- C – Schedules and Reports Provided by City of Chesapeake
- D – Schedules and Reports Provided by Chesapeake Public Schools
- E – Certification of Compliance with Immigration Laws and Regulations

IMMIGRATION AND CONTROL ACT COMPLIANCE

Effective November 9, 2007, all contracts shall contain a certification of compliance with immigration laws. The successful contractor or vendor shall complete the certification before contract award. Failure to provide a notarized certification will render the contract null and void.

The Immigration Compliance Form included as Attachment E is provided for informational purposes only during the solicitation phase of the procurement. Upon award determination and notification, the winning contractor must complete the form and submit it to the Purchasing and Contracts Manager before an award can be made.

APPENDIX A

- Section I - Required General Terms and Conditions
- Section II - Special Terms and Conditions

I. PURPOSE

The City of Chesapeake, a Virginia Municipal Corporation, and Chesapeake Public Schools (hereinafter referred to as "Local Government"), request qualified independent Certified Public Accountants (hereinafter referred to as "Auditor") to submit proposals to enter into a term contract to perform a financial audit for each of the fiscal year(s) ended June 30, 2008 through 2010. Upon mutual agreement of the parties (Local Government and the Auditor), the contract may be renewed for two (2) additional one (1) year periods. The laws of the Commonwealth of Virginia require that an audit firm be selected by April 1, 2008 for the fiscal year 2008 audit. The Local Government has included a description of the government and pertinent background information in the attached information overview (**Attachment A**).

If the entity referred to hereafter is "Local Government," the provisions apply jointly to both the City of Chesapeake and Chesapeake Public Schools. If either is referred to separately, then the provision will apply only to that entity.

II. BACKGROUND

The Code of Virginia, Section 15.2-2511 requires all localities to have "all of their accounts and records, including all accounts and records of their constitutional officers, audited annually as of June 30 by an independent certified public accountant in accordance with the specifications furnished by the Auditor of Public Accounts." This section also requires the Certified Public Accountant present a detailed written report to the local governing body at a public session by the following December 31. The written report is to be preserved by the City Clerk and open to public inspection at all times by any qualified voter.

III. SCOPE OF WORK

A. Schedule of Events

The Local Government will make every effort to adhere to the following schedule:

ACTION	RESPONSIBILITY	DATE
Issuance of RFP	City Purchasing	January 9, 2008
Optional Pre-Proposal Conference	Local Government / Offeror	January 28, 2008
Submission of Questions	Offeror	February 6, 2008
Addendum (if necessary)	City Purchasing	February 8, 2008
Submission of Proposal	Offeror	February 13, 2008
Selection of Finalists	Evaluation Committee	February 21, 2008
Notification to Finalists	Evaluation Committee	February 22, 2008
Oral Presentation	Evaluation Committee/Offeror	February 27, 2008
Audit Committee Interviews	Audit Committee/Offeror	Week of March 3, 2008
Contract Negotiations	Evaluation Committee/Offeror	March 10-18, 2008
City Council Approval of Contract	Evaluation Committee	March 25, 2008
Award of Contract	City Purchasing	March 31, 2008

Note: This schedule is subject to change. All offerors will be notified of schedule changes.

B. General Requirements

The successful Auditor shall audit all funds of the Local Government, and subsequently render an opinion on the financial statements prepared by the City, a separate opinion on the financial statements of the Chesapeake Public Schools, and a separate opinion on the financial statements of the Economic Development Authority, a component unit of the City. The Auditor's opinion shall be unqualified unless the Auditor furnishes to the Local Government, by October 30, the reasons for qualifying the opinion, disclaiming an opinion, or rendering an adverse opinion.

Auditors must discuss materiality, the anticipated nature and scope of the audit, and the planned work on internal controls and compliance with management and the governing body before the start of the engagement each year.

C. Contract Term

1. The initial contract term shall be three (3) years, for each of the fiscal years ended June 30, 2008 through June 30, 2010.
2. This contract may be renewed by the City upon written agreement of both parties for two (2) successive one year periods under the terms of the current contract provided ninety (90) days' prior written notice is submitted by the City.
3. During any and all contract renewal periods, all originally negotiated pricing and terms and conditions shall remain in effect.

D. Specific Requirements

1. Financial Statements

- a. The Local Government desires the Auditor to express an opinion on the fair presentation of its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP). To meet the requirements of this RFP, the Auditor shall audit all funds (**Attachment B**) and account groups of the Local Government in accordance with Generally Accepted Auditing Standards (GAAS); the standards for financial audits contained in Government Auditing Standards (GAS) issued by the Comptroller General of the United States; the provisions of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts.
- b. The Auditor is also to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The Auditor is not required to audit the introductory section or the statistical section of the Comprehensive Annual Financial Report (CAFR).

2. Management's Discussion and Analysis (MD&A), Supplemental Schedules and Statistical Schedules

The Auditor shall apply procedures and report on the MD&A and other required supplementary information included in the City's and School's Comprehensive Annual Financial Report (CAFR), including the legal debt margin, the analysis of funding progress for pension plans, post-employment benefits, the schedule of federal assistance and any other Required Supplementary Information (RSI). The Auditor is not required to apply procedures and report on statistical tables included in the CAFRs.

3. Internal Controls

In connection with the audit of the financial statements, the Auditor shall consider, test and report on internal controls in accordance with Generally Accepted Auditing Standards (GAAS), *Government Auditing Standards*, OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the *Specifications for Audits of Counties, Cities*.

4. Compliance Auditing

In connection with the audit of the financial statements, the Auditor shall perform tests and report on compliance in accordance with *Government Auditing Standards*, OMB Circular A-133, *Audits of States and Local Governments and Non-Profit Organizations*, and the *Specifications for Audits of Counties, Cities and Towns*.

5. HIPAA

The Auditor shall perform specific tests of records related to the City's compliance with the Health Insurance Portability and Accountability Act (HIPAA). The scope of work will be based on a Security

Gap Analysis that was completed for the City prior to the term of this audit services contract. The Auditor will provide the City with a letter outlining the status of the City's HIPAA compliance on an annual basis during the term of this contract unless directed otherwise by the City.

6. Component Units

The City of Chesapeake has identified the following entities as component units requiring inclusion in the City's financial statements:

- a. Chesapeake Public Schools (all funds except Student Activity funds)
- b. Chesapeake Airport Authority
- c. Chesapeake Port Authority
- d. Chesapeake Economic Development Authority
- e. Chesapeake Mosquito Control Commission
- f. CSB of Chesapeake, Inc.
- g. Potential new Community Development Authority

Separate auditors have been engaged to audit the Chesapeake Airport Authority and Chesapeake Economic Development Authority and to perform any Single Audit work related to these Authorities. The City shall provide the Auditor with a copy of audited financial statements for these component units for inclusion in the CAFR. The Auditor shall communicate with the other auditor(s) regarding the audit of these component units in accordance with professional standards. The Auditor shall audit any other component units identified during the audit as part of the audit of the Local Government's financial statements.

7. Sheriff

Chapter 847 of the *2007 Acts of Assembly* includes audit requirements for any funds received by the local Sheriff. The local government's independent auditor is required to submit a letter to the Auditor of Public Accounts annually providing assurance as to whether the sheriff has maintained a proper system of internal controls and records in accordance with the *Code of Virginia*.

Specific audit procedures relating to local and Commonwealth of Virginia funds for the Sheriff are included in the normal Local Government audit. In addition, the Auditor will have separate reporting responsibilities to the Auditor of Public Accounts and the Sheriff. A separate price for the additional Sheriff specific accounts should be included as part of the Auditor's proposal.

8. Comparative Report Transmittal Forms

The Auditor of Public Accounts requires all local governments to complete Comparative Report Transmittal Forms in accordance with the provisions of the *Uniform Financial Reporting Manual*. The Local Government shall prepare the required forms for submission to the Auditor. The Auditor shall perform the agreed-upon procedures specified in the *Uniform Financial Reporting Manual* and prepare the report on those procedures within ten (10) days of receiving such forms from the Local Government.

9. Seminar/Training

During each year of the contract, the Auditor shall make available to all City and School's Certified Public Accountants and responsible financial personnel an in-house, tuition-free auditing and accounting seminar or course, with the equivalent of eight (8) continuing professional education (CPE) hours, including a two-hour ethics course, approved by the Virginia State Board for Accountancy or the National Association of State Board of Accountancy (NASBA). This seminar/course shall be conducted within the boundaries of the City of Chesapeake.

10. Employee Utilization

On monthly progress billings not to exceed the agreed-upon fee, the Auditor will provide the Local Government with a detailed report of employee hours by staff and audit area utilized in completing the audit. The report will break down the hours by City, Schools, Public Utilities, and federal grant

categories.

11. Compliance with OMB Circular A-133

It is requested that compliance with OMB Circular A-133 be accomplished on a joint City/Schools coverage basis. Section 500(a) of OMB Circular 133 gives this flexibility stating that:

"The audit shall cover the entire operations of the auditee; or, at the option of the auditee, such audit shall include a series of audits that cover departments, agencies, and other organizational units, which expended or otherwise administered Federal awards during such fiscal year, provided that each such audit shall encompass the financial statements and schedule of expenditures of Federal awards for each such department, agency, and other organizational unit, which shall be considered to be a non-Federal entity."

12. Meetings

The selected Auditor shall schedule conferences between the Auditor and appropriate City and School personnel before the preliminary work, regularly during the audit, and at the end of the field work. The purpose of these meetings is to keep all parties fully informed on the scope and progress of the audit.

13. Assistance in implementing applicable GASB statements

The Auditor will assist City and Schools staff in implementing applicable Governmental Accounting Standards Board's (GASB) statements as they pertain to the Local Government's financial accounting and reporting as well as certain transactions that may occur during the year, such as debt refundings, debt issuance, capital asset financing, etc. Please note, the City has chosen to use a trust fund related to OPEB, GASB 43 & 45, and the implementation of these statements will be new for Fiscal Year 2008.

14. Recommendation to Management

The Auditor shall prepare a management letter to be submitted by November 30 of each year. The purpose of the management letter shall be to make known certain recommendations of which, if implemented, in the Auditor's opinion, would increase efficiency, enhance system of internal controls, and improve management, etc.

15. CAFR Presentation Recommendations

Recommendations on certain CAFR presentations, and/or enhancements in relation to the Governmental Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program must be submitted by June 1 of each year based on the previous year's CAFR on which the current City's CAFR will be similarly prepared by the City's Department of Finance. Similar recommendations shall be submitted pertaining to the Schools CAFR in relation to the ASBO award program.

16. Subcontractors

The use of subcontractors during the audit and the work they are to perform must receive prior written approval of the Contract Administrator. The Auditor shall be solely responsible for all work performed by subcontractors. The Auditor shall be responsible for the liability of subcontractors for the types and limits required of the Auditor.

17. Coverage

Auditor, for the purposes of all responsibilities, duties, liabilities and benefits under this contract with the Local Government, includes the entity named as auditor, and any successor in interest, whether by purchase, merger, or alteration of type and domicile of the entity.

18. Additional Services

The Auditor shall provide an hourly fee schedule as described in Section III.B. for additional services, as may be determined and required by Local Government management during the term of the contract.

19. Local Government Assistance

- a. Books of Account: The Local Government shall close the accounting records of all funds, and reconcile all bank accounts by August 31, 2008.
- b. Schedules: The staff of the Local Government shall prepare or otherwise provide the schedules and information contained in **Attachments C and D** (not all-inclusive) in a timely manner for use by the selected Auditor.
- c. Additional Assistance:
 - 1) The City and Schools shall supply additional financial and statistical information not subject to examination by the Auditor, but necessary to substantially conform to the principles and standards of public financial reporting prescribed by GASB. The Auditor shall provide a written request to the Director of Finance (and the appropriate School official) by May 1 disclosing all "prepared by client" schedules, working papers, reconciliations and other required forms and documents (ordinances, contracts, bond documents, City Council meeting minutes, and other legal documents) necessary to substantially conform to the principles and standards of public financial reporting prescribed by GASB.
 - 2) The Auditor will coordinate his efforts with the Director of Finance and the appropriate School official to determine possibilities for fee reduction through the further utilization of available Local Government staff. The Auditor will endeavor to accomplish the audit on a phased basis throughout the year to reduce the year-end workload on the Local Government's financial activities.
 - 3) The Local Government will provide the Auditor with reasonable workspace. The Auditor will also be provided with access to the Internet, photocopying facilities, FAX machine, telephone and inquiry access to Local Government's enterprise financial system, if needed.

20. Access to Auditor's Work Papers

- a. The Auditor's workpapers will be available for routine review by designated City staff as determined to be beneficial in the City's and Schools' preparation of agreed upon work papers during the normal course of the audit.
- b. In the event the Local Government changes auditors, the incumbent Auditor will make the work papers available to the successor Auditor and provide usual and customary professional courtesy and responses to the successor Auditor's inquiries without additional charge to the Local Government or successor Auditor.

21. Required Reports

Based on the audit work performed, the Auditor shall produce the following reports to the City and Schools (as required for separate CAFRs):

- a. An opinion on the fair presentation of the basic financial statements required by GASB 34 (government-wide and fund financial statements) in conformity with Generally Accepted Accounting Principles (GAAP).
- b. A report on the MD&A and other required supplementary information. The Auditor shall prepare a disclaimer of opinion related to the statistical schedules included in the CAFR.
- c. A report on compliance and internal controls over financial reporting based on an audit of the

financial statements in accordance with *Government Auditing Standards*. The Auditor shall communicate all significant deficiency or other matters related to internal control – Deficiencies [used to read reportable conditions] (as defined by the American Institute of Certified Public Accountants (AICPA)) found during the audit in the report on internal controls. Further, the Auditor shall identify any material weaknesses in his report.

- d. A report on compliance with requirements applicable to each major program and on internal control over compliance. The Auditor shall communicate all instances of noncompliance with the requirements for major programs in the Schedule of Findings and Questioned Costs. The Auditor shall reference the Schedule in the report on compliance.
- e. A report summarizing compliance matters tested in accordance with the *Uniform Financial Reporting Manual*.
- f. An agreed-upon procedures report on evaluating the Local Government Financial Test Worksheet in accordance with the Federal Register (40 CFR Part 258, Subpart G) Criteria for Municipal Solid Waste Landfills - Financial Assurance Criteria.
- g. A report on the application of agreed-upon procedures relative to the Comparative Report Transmittal Forms. This report shall be forwarded to the City for submission with the forms to the Auditor of Public Accounts.
- h. An immediate written report of all irregularities and illegal acts, or indications of illegal acts of which it becomes aware, to the Director of Finance for the City and the Assistant Superintendent/Budget & Finance for the Schools.
- i. Written communication with the City's Audit Committee and the School Board in accordance with generally accepted auditing standards including SAS No. 61 and SAS 112.
- j. Provide a separate opinion on the basic financial statements for use in the City's official statements for debt issuance purposes.
- k. The related auditor's report for the Schedule of Expenditures of Federal Awards as well as the reports on compliance and internal controls, are to be issued as part of the City's CAFR.

22. Report Schedule

- a. The Auditor shall have drafts of the Auditor's reports and recommendations to management for the City available for review by October 30 of each year.
- b. The Auditor shall have drafts of the Auditor's reports and recommendations to management for Schools available for review by October 30 of each year.
- c. The Auditor shall provide the final schedule of Single Audit findings to the City and Schools by October 30 of each year.

23. Report Preparation and Presentation

- a. The City shall be responsible for report preparation, editing and printing of the City's Comprehensive Annual Financial Report. The Auditor shall furnish a final copy of the Auditor's reports and recommendations to management seven (7) days after approval of the draft reports for inclusion in the CAFR.
- b. The Auditor shall be responsible for printing and furnishing fifty (50) copies of the Basic Financial Statements and Supplementary Information from financial statements provided by the City. The reports shall be furnished to the City by November 30.
- c. The Auditor shall meet with the City's Audit Committee to present the management letter as well as any required Audit Committee correspondence and communication.

- d. The Auditor shall present the City's Basic Financial Statements or the Comprehensive Annual Financial Report to the local governing body at a public session as required by Section 15.2-2511 of the *Code of Virginia*.
- e. The Auditor shall be responsible for furnishing two (2) copies and one (1) PDF of the CAFR for the Chesapeake Public Schools and twenty-five (25) copies of the opinion letter and management letter by November 30. The Schools will provide the transmittal letter, financial statements and supplementary information. Any adjustment(s) resulting from the Auditor's review shall be discussed with the Schools; and the Auditor shall be responsible for adjusting the transmittal letter, financial statements and supplementary information prior to printing the required copies.
- f. The Auditor shall present an overview of the Schools' Basic Financial Statements and Audit Results to the School Board at a public session during January.

24. Submission of Reports

- a. The Auditor shall provide advice and review services to the City and Schools concerning preparation of each respective CAFR before submission to the appropriate professional organizations and regulatory agencies.
- b. The City shall be responsible for submitting its CAFR to the Auditor of Public Accounts, appropriate federal and state agencies, and the Government Finance Officers Association (GFOA) for its Certificate of Achievement Program.
- c. The Schools shall be responsible for submitting copies of its CAFR to the Auditor of Public Accounts and to the Association of School Business Officials (ASBO) for its Certificate of Achievement Program.

25. Submission of Transmittal Forms to the APA

The City shall submit one (1) copy of the Comparative Report Transmittal Forms, including the Auditor's report thereon, to the Auditor of Public Accounts by November 30 following the end of the fiscal year.

IV. PROPOSAL PREPARATION AND SUBMISSION INSTRUCTIONS

A. RFP RESPONSE

In order to be considered for selection, offerors must submit a complete response to this solicitation. One (1) original and ten (10) copies of the proposal must be submitted to the Purchasing Division. No other distribution of the proposal shall be made by the offeror:

- 1. Proposals shall be signed by an authorized representative of the Offeror. All information requested must be submitted. Failure to submit all information requested may result in the Local Government requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Mandatory requirements are those required by law or such that they cannot be waived and are not subject to negotiation.
- 2. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content. Elaborate brochures and excessive promotional materials are not required or desired. Proposal should not exceed 40 pages.
- 3. Proposals should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal shall be numbered. Each paragraph shall reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number, sub-number, and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number and sub-number shall be cross repeated at the top of the next page.

The proposal shall contain a table of contents which cross references the RFP requirements. Information which the Offeror desires to present that does not fall within an area of the requirement of the RFP shall be bound in a separate binder designated as additional information and material. Proposals that are not organized in this manner risk lower evaluation scores during consideration if the evaluators are unable to find where the RFP requirements are specifically addressed.

4. Ownership of all data, materials and documentation originated and prepared for the Local Government pursuant to the RFP shall belong exclusively to the Local Government and be subject to public inspection in accordance with the *Virginia Freedom of Information Act*. Trade secrets or proprietary information submitted by the Offeror shall not be subject to public disclosure under the *Virginia Freedom of Information Act*; however, the Offeror must invoke the protection of Section 2.2-4342 of the Code of Virginia, in writing, either before or at the time the data is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must be indicated on the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal as proprietary or trade secrets is not acceptable and will result in rejection and return of the proposal.
5. Questions concerning this solicitation may be made by telephone or in writing. Questions must be addressed to the Issuing Office not less than fifteen (15) working days prior to the closing date of the Request for Proposal. Telephonic questions must be directed to the appropriate person listed below:

Scope of Work Questions:	Donna Hildebrand, Accounting Manager Finance Department City of Chesapeake 306 Cedar Road, 5 th Floor Chesapeake, Virginia 23322 Telephone: (757) 382-6157 / FAX: (757) 382-8102
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Procurement Questions:	Gigie Button (For address, see cover sheet)	(757) 382-6359
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6. Any material changes to the solicitation document will be addressed by issuance of a written addendum to all Offerors of Record that will become part of the proposed documentation.
7. Oral instructions do not form a part of the proposed documents.

B. ORAL PRESENTATION

Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to the Local Government Audit Selection Committee. This will provide an opportunity for the Offeror to clarify or elaborate on the Proposal. The issuing agency will schedule the time and location of these presentations. Oral presentations are an option of the Local Government and may or may not be conducted.

1. Price

During the oral presentation of the selection process, all selected Offerors will be required to provide the Local Government with non-binding estimates of hours and fees for any resulting contract, in the following format:

City	Hourly Rate	Federal Grants (Hours)	Public Utilities Fund (Hours)	Sheriff's Accounts & Report (Hours)	All Other Funds (Hours)	Total (Rate x Hours)
Partner	xx	xx	xx	xx	xx	xx
Manager	xx	xx	xx	xx	xx	xx
Supervisor	xx	xx	xx	xx	xx	xx
Senior	xx	xx	xx	xx	xx	xx
Staff	xx	xx	xx	xx	xx	xx
Interns	xx	xx	xx	xx	xx	xx
Total Hours	xxx	xxx	xxx	xxx	xxx	xxx
Estimated Fee	\$xxx	xxx	xxx	xxx	xxx	\$xxx

Chesapeake Public Schools	Hourly Rate	All Funds (Hours)	Federal Grants (Hours)	Total (Rate x Hours)
Partner	xx	xx	xx	xx
Manager	xx	xx	xx	xx
Supervisor	xx	xx	xx	xx
Senior	xx	xx	xx	xx
Staff	xx	xx	xx	xx
Interns	xx	xx	xx	xx
Total Hours	xxx	xxx	xxx	xxx
Estimated Fee	\$xxx	xxx	xxx	xxx

Economic Development Authority	Hourly Rate	Hours	Total (Rate x Hours)
Partner	xx	xx	xx
Manager	xx	xx	xx
Supervisor	xx	xx	xx
Senior	xx	xx	xx
Staff	xx	xx	xx
Interns	xx	xx	xx
Total Hours	xxx	xxx	xxx
Estimated Fee	\$xxx	xxx	xxx

HIPPA	Hourly Rate	Hours	Total (Rate x Hours)
Partner	xx	xx	xx
Manager	xx	xx	xx
Supervisor	xx	xx	xx
Senior	xx	xx	xx
Staff	xx	xx	xx
Interns	xx	xx	xx
Total Hours	xxx	xxx	xxx
Estimated Fee	\$xxx	xxx	xxx

2. Fee for Additional Services

The Offeror will be required to provide an hourly rate for additional services as may be determined and required by Local Government management during the term of the contract.

V. SPECIFIC PROPOSAL INSTRUCTIONS

- A. Proposals should be as thorough and as detailed as possible so that the Local Government Audit Selection Committee may properly evaluate the organization's capabilities to provide required services. Offerors are required to submit the following as a complete proposal:

1. This RFP cover sheet and addendum, if any, signed and filled out as required.

2. Experience

Offeror shall provide a concise description of its work experiences as it relates to the scope of work outlined herein. Said description should include, but not be limited to:

- a) Offeror's established experience record in providing comparable services. Review related projects the Offeror has successfully completed for other local governments, development authorities and schools, including size of organization's general fund, population and breadth of complexities.
- b) Number of years the Offeror has been providing these types of services;
- c) Provide a minimum of three (3) references of contracts with similar size Commonwealth of Virginia municipalities/school boards, including addresses, telephone numbers and contact person. For each reference, detail:
 - i. Name of firm;
 - ii. Address of firm;
 - iii. Name, title, e-mail address, phone, and fax of a contact for the firm;
 - iv. Number of years Officer has served the firm; and
 - v. Brief summary of scope of services provided.
- d) Give a brief history of the firm, including the number of years in business and the size of the firm. Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and professional staff employed at the local office and in other locations (if applicable).
- e) Discuss availability of experts in the field of governmental accounting including GASB Statement 34 expertise, debt financing, utilities rate analysis, utilities accounting, development activities and information technology, noting years of experience in applicable field. Identify the individual(s) in the firm who has been registered as a GFOA and ASBO reviewer.

3. Capability and Skills

Offeror shall provide a description of the qualifications and skills of the organization and personnel who shall be responsible for performance of the services. Such description shall, at a minimum, include the following:

- a) A description of the Offeror's financial stability and other resources that most adequately ensures the delivery of acceptable services to the City. The Offeror shall indicate the type of organization it represents; i.e., individual, partnership or corporation. If the Offeror represents a corporation or partnership, the names of the President, Vice-President, Secretary, Treasurer and all principals or partners shall be listed.

The Offeror should provide financial statements; i.e., audited annual financial reports, for the previous three (3) years.

- b) Summarize Offeror's capability and skill to provide the audit services requested herein, to include at a minimum, resumes for the individuals that will be dedicated to the audit teams, to include their qualifications, skill levels and training background, and years of experience.

4. Services to be Provided

Offeror should provide a description outlining the services to be performed. Such description should, at a minimum, provide the following information:

- a) Offeror's understanding of the work to be performed.
 - b) How the Auditor will plan, conduct, monitor and report on the audit.
 - c) Listing and annotation as to the manner in which the Offeror proposes to meet each provision stipulated in the Scope of Work section of this RFP.
 - d) Listing of all major tasks to be performed by the Offeror and the deliverable products associated with each task.
 - e) Listing of the individual products to be provided.
 - f) Time schedule associated with the completion of each task.
 - g) List of any exceptions taken to the provisions of this RFP.
 - h) Identify generally the firm's plans to address HIPAA's privacy and security requirements with respect to the firm's clients and audit process. The firm awarded the external audit contract will be required to sign a HIPAA Business Associate Agreement.
5. The firm shall provide an affirmative statement that it is independent of the City as defined by GAAS and the U.S. General Accounting Office's Government Auditing Standards 2003 Revision. The firm shall also provide an affirmative statement that it is independent of all component units of the City as defined by the above standards.
6. An affirmative statement shall be included that the firm and all assigned key professional staff are properly registered/licensed to practice in the Commonwealth of Virginia.

VI. EVALUATION CRITERIA

The Local Government Audit Selection Committee will evaluate proposals initially on the basis of the Offeror's written proposal, including such clarifications as the Local Government may request, in writing or by telephone calls to the Offeror(s). After initial evaluation, the Local Government will select for further consideration and possible negotiations those Offeror(s) fully qualified and best suited among those submitting proposals. The following four evaluation criteria will be used in the evaluation and award process. Each criteria will be rated on a scale of 1-10, with 10 being the most desirable, and percentages of weight will be applied as indicated below.

- A. Responsiveness and Overall Quality of the Proposal – 20%
- 1. Quality and completeness of the submitted proposal
 - 2. Content of the proposal
- B. Professional Qualifications and Experience of the Firm – 40%
- 1. Specialized experience in governmental accounting issues, expertise and qualifications of the firm
 - 2. Record of the firm in accomplishing work on other projects in the required time
 - 3. Quality of work previously performed by the firm
 - 4. Response during project, follow-up during project, and follow-up after project completion
- C. Professional Qualifications and Experience of the Personnel to be assigned to the Project – 20%

1. Specialized experience, expertise and qualifications of key project team members who will be assigned to this project
- D. Services to be Provided – 20%
1. The specific plans or methodology to be used in performing the audit, and stated ability to complete the audit in the required time.

VII. AWARD OF CONTRACT

- A. The Local Government shall engage in individual discussions by scheduling an oral presentation (see Section III B) with one or more offerors deemed fully qualified, responsible and suitable on the basis of initial responses and the criteria in Section V, with emphasis on professional competence, to provide the required services. Repetitive oral presentations shall be permissible. Such offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the proposed project.
- B. At the oral presentation, the Local Government will discuss non-binding estimates of total project costs (see Section III B), including, but not limited to, life cycle costing, and, where appropriate, non-binding estimates of price for services. Proprietary information from competing offerors shall not be disclosed to the public or to competitors. At the conclusion of the oral presentation, on the basis of evaluation factors published in the Request for Proposals and all information developed in the selection process to this point, the Local Government shall select, in the order of preference, one or more offerors whose professional qualifications and proposed services are deemed most meritorious.
- C. Negotiations shall then be conducted, beginning with the offeror ranked first. If a contract satisfactory and advantageous to the Local Government can be negotiated at a price considered fair and reasonable, the award shall be made to that offeror. Otherwise, negotiations with the offeror ranked first shall be formally terminated and negotiations conducted with the offeror ranked second, and so on, until such a contract can be negotiated at a fair and reasonable price. Should the Local Government determine in writing and in its sole discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that offeror.
- D. City Charter Section 11.06 requires City Council action in the selection of an audit firm prior to contract award.
- E. The City may request that the successful offeror meet with the City's Audit Committee prior to the City Council's ratification of the Audit contract.
- F. Any and all costs associated with the preparation of responses to this Request for Proposals, including site visits, oral presentations and any other costs shall be entirely the responsibility of the offeror and shall not be reimbursable in any manner by the Local Government.

VIII. PRE-PROPOSAL CONFERENCE

An optional pre-proposal conference will be held Monday, January 28, 2008, at 2:00 p.m. at the Chesapeake Central Library, Municipal Center, 298 Cedar Road, Meeting Room #1. The purpose of this conference is to allow potential offerors an opportunity to present questions and obtain clarification relative to any facet of this solicitation. The facility is handicap accessible.

While attendance at this conference will not be a prerequisite to submitting a proposal, offerors who intend to submit a proposal are encouraged to attend. Bring a copy of the solicitation with you. Any changes resulting from this conference will be issued in a written addendum to the solicitation.

ATTACHMENT A INFORMATION OVERVIEW

GENERAL INFORMATION

The City of Chesapeake was formed on January 1, 1963, with the merger of the former City of South Norfolk and the County of Norfolk. The merger created one of the largest cities in the Commonwealth of Virginia with an area of 353 square miles. The City's current population as of June 30, 2007 is approximately 221,282.

The City of Chesapeake derives its governing authority from a charter granted by the General Assembly of the Commonwealth of Virginia. The governing body of the City is the City Council which consists of nine (9) members, including the Mayor, which formulates policies for the administration of the City. The City Council has a two (2) member Audit Committee. The charter provides for a Council-Manager form of government.

The School Board is responsible for elementary and secondary education within the City. The elected nine (9) member School Board, vested with legislative powers, appoints the Superintendent who is the executive and administrative head of the public School Division. The City Council approves the School Board's operating budget, levies the necessary taxes to finance the operations, and approves the borrowing of money and issuance of bonds when necessary.

The School Division is fiscally dependent (i.e. it does not have taxing nor levying authority, nor borrowing authority). It derives most of its funding from allocations from the City and the Commonwealth of Virginia. With more than 39,000 students, it is the sixth largest school division in Virginia.

PERSONNEL

As of June 30, 2007, the City employed approximately 3,277 employees. City employees are paid on a weekly and semi-monthly basis. The School Division employs approximately 5,719 employees. School employees are paid on a semi-monthly basis.

ACCOUNTS PAYABLE

During fiscal year 2007, a total of 57,794 general accounts payable checks (36,900 City & 20,894 Schools) and 214 wires were issued for the payment of invoices.

PURCHASING

During fiscal year 2007, 6,728 purchase orders were issued amounting to approximately \$71,589,000 as follows.

System Generated PO's for Direct Connect Vendors	4,030	60%	1,058,789	1%
Small Dollar (<\$5,000) PO's issued by Finance Department	1,665	25%	2,367,209	3%
PO's issued by Purchasing Division	1,033	15%	68,162,796	95%
	<u>6,728</u>		<u>71,588,794</u>	

The School Division processed 12,338 purchase orders in 2007 amounting to approximately \$ 62,152,993.

BANK ACCOUNTS

The City maintains six (6) main bank accounts as listed below. The Sheriff maintains 3 additional bank accounts as listed below.

MONTHLY ACCOUNT ACTIVITY FOR MAJOR ACCOUNTS

<i>Account Name</i>	<i>Monthly Deposits</i>	<i>Number of Monthly Withdrawals (debits to account)</i>
Main Operating (1 account) Positive Pay (2 accounts) Other (2 accounts)	\$66,891,392	58
Wachovia General	\$5,644,798	3,002
Chesapeake Sheriff's Office Work Release Fund	\$62,000	125
Chesapeake Sheriff's Office Jail Program Fund	\$5,976	10
Chesapeake Sheriff's Office Special Program Fund	\$511	5
Note: The Main Operating Account has four zero balance accounts (ZBA) two of which are Positive Pay accounts. The two Positive pay accounts are City and Schools Accounts Payable and City and Schools Payroll. ZBA accounts begin and end each month with a zero balance. The account only pulls enough money from the main account to cover the checks that cash each day. The other two ZBA accounts are for Special Welfare and Risk Management (Self-Insurance Fund).		

ENTERPRISE FUNDS

The City operates six (6) enterprises accounted for in separate enterprise funds. They are as follows: Public Utilities, Stormwater, Jordan Bridge, Chesapeake Expressway, Recreation Enterprise and Northwest River Park Enterprise. The number of Water and Sewer accounts is approximately 118,969.

INTERNAL AUDIT FUNCTION

The City and School Division each maintain an internal audit function.

PENSION PLANS

The Local Government contributes to the Virginia Retirement System (VRS), an agent multiple-employer defined benefit public employee retirement system. The City and Schools also provide an approved deferred compensation plan under Section 457 of the Internal Revenue Code.

TAX COLLECTIONS

For fiscal year 2007, real estate in the City was assessed at \$22,067,528,772; approximately \$235,211,107 of revenue was realized. Revenue generated from personal property for fiscal year 2007 was approximately \$68,572,131.

AUTHORITIES, BOARDS AND COMMISSIONS

City Council has created the following separately functioning authorities, boards and commissions:

- Airport Authority
- Animal Control Advisory Board
- Board of Zoning Appeals
- Board of Equalization of Real Estate Assessments
- Cable Television Commission
- Chesapeake Agricultural Advisory Commission
- Chesapeake Bicycle/Trails Advisory Board
- Chesapeake City Symbol Committee
- Chesapeake Commission for the Prevention of AIDS
- Chesapeake Commission on Substance Abuse

Chesapeake Committee on Aging
Chesapeake Community Criminal Justice Board
Chesapeake Environmental Improvement Council
Chesapeake Historic and Architectural Review Board
Chesapeake Interagency Consortium
Chesapeake Sister Cities Committee
Chesapeake Tourism Advisory Board
Chesapeake Youth Committee
Citizens Juvenile Advisory Council
Community Services Board
Community Trust/Board of Governors
CSB of Chesapeake, Inc.
Eastern Virginia Health Systems Agency
Eastern Virginia Medical School
Electoral Board
Endeppendence Center of Tidewater/Board of Directors
Economic Development Authority
Fine Arts Commission
Fire Prevention Code Appeals Board
Groundwater Committee
Hampton Roads Planning District Commission
Historic Preservation Commission
Hospital Authority
Human Services Advisory Board
Law Library Board
Library Board
Local Board of Building Code Appeals
Local Emergency Planning Committee
Mayor's Commission on Veteran's Affairs
Mayor's Committee for Persons with Disabilities
Mosquito Control Commission
Multi-Jurisdictional Disability Services Board
Natural Event Mitigation Advisory Committee
Parks & Recreation Advisory Board
Pendleton Child Service Center/Management Board
Planning Commission
Planning Council
Port Authority
Public Art Committee
Redevelopment and Housing Authority
Resource Conservation and Development Council
Route 168 Advisory Board
School Board
Senior Services of Southeastern Virginia (SEVAMP)
Southeastern Public Service Authority (SPSA)
Southeastern Tidewater Opportunity Project (STOP)
Southeastern Virginia Alcohol Safety Program Local Policy Board
South Norfolk Revitalization Commission
Sports Authority Council of Hampton Roads
Stormwater Committee
Swine Environmental Quality Control Committee
Tidewater Community College Board
Tidewater Regional Group Home Commission
Towing Advisory Board
Transportation District Commission of Hampton Roads
Transportation Safety Commission
Utility Review Board
Wetlands Board / Chesapeake Bay Preservation Area Board
Potential new Community Development Authority

**ATTACHMENT B
FUND LISTING**

<u>FUND</u>	<u>DESCRIPTION</u>
100	GENERAL FUND
101	CASH CONTROLS
199	CITY'S GENERAL FIXED ASSET ACCOUNT GROUP
201	VIRGINIA PUBLIC ASSISTANCE FUND
202	COMMUNITY CORRECTIONS FUND
203	INTERAGENCY CONSORTIUM
204	FEE SUPPORTED ACTIVITIES
205	COMMUNITY SERVICES
206	CHESAPEAKE CONFERENCE CENTER
207	E-911 OPERATIONS
208	CHESAPEAKE JUVENILE SERVICES
209	TAX INCREMENTAL FINANCING FUND
210	OPEN SPACE AGRICULTURAL PRESERVE FUND
211	OPEB/VRS TRUST FUND
220	COMMUNITY DEVELOPMENT
228	GRANTS FUND
300	GENERAL CONSTRUCTION FUND
400	CITY WIDE DEBT
499	CITY GENERAL LONG TERM DEBT ACCOUNT GROUP
501	PUBLIC UTILITIES (OPERATING) FUND
502	UTILITY WATER/SEWER CONSTRUCTION FUND
504	UTILITY RENEWAL AND REPLACEMENT FUND
507	UTILITY CAPITAL IMPROVEMENT FUND
506	UTILITY DEBT SERVICE RESERVE FUND
509	REVENUE BOND FUND
510	UTILITY REVENUE FUND
520	STORMWATER OPERATIONS
521	STORMWATER CONSTRUCTION
525	CHESAPEAKE EXPRESSWAY OPERATIONS
526	CHESAPEAKE EXPRESSWAY RENEWAL & REPLACEMENT
527	CHESAPEAKE EXPRESSWAY CAPITAL IMPROVEMENT
530	JORDAN BRIDGE ENTERPRISE FUND
540	NORTHWEST RIVER PARK ENTERPRISE FUND
541	RECREATION ENTERPRISE FUND
601	CENTRAL FLEET INTERNAL SERVICE FUND
603	INFORMATION TECHNOLOGY INTERNAL SERVICE FUND
606	SELF-INSURANCE INTERNAL SERVICE FUND
720	POOR TRUST FUND
721	CARNEY TRUST FUND
800	CHESAPEAKE MOSQUITO CONTROL COMMISSION
900	SCHOOL OPERATING FUND
928	SCHOOLS GRANTS
930	SCHOOL BUILDING FUND
940	SCHOOL TEXTBOOK FUND
941	SCHOOL LUNCHROOM FUND
998	SCHOOL GENERAL LONG TERM DEBT ACCOUNT GROUP
999	SCHOOLS GENERAL FIXED ASSET ACCOUNT GROUP
980	SCHOOLS ACTIVITY FUNDS
948	SCHOOLS CELL TOWER
930	SCCAP CITY'S SCHOOL CAPITAL PROJECTS (GASB 34)

NOTE: Fund listing is as of June 30, 2007, subject to change.

ATTACHMENT C
SCHEDULES AND REPORTS – PROVIDED BY CITY OF CHESAPEAKE
(Not all-inclusive)

GENERAL

- Operating Budget
- Prior year GFOA comments with responses
- City telephone directory
- City Council marked agenda (City's web page source)
- Final trial balance worksheets and schedules for each fund. Balance sheets in comparative format with the prior year. Income statements will show budget to actual and the prior year's activity.
- Listing of all fund numbers and names.
- Final Trial Balance for each fund.
- Capital projects expenditure ledgers by fund.
- Accounts receivable and vouchers payable listings after accruals for 45-day rule.

CASH

- Reconciliation of Treasurer's Fund to the General Fund.
- List of all bank accounts, name and address of each bank and authorized signers on each account.
- Bank reconciliations and year-end bank statements for all main cash and investment accounts.
- Schedule of petty cash by fund.
- Arbitrage supporting documents.
- Debt issues subject to arbitrage rebate schedule.
- List of cash with fiscal agents and reconciliation to G/L balance at year-end.

INVESTMENTS

- Investment Reconciliation at year-end to include all supporting investment statements.
- Categorization of Investments (footnote).
- Schedule of interest income allocation to funds
- Schedule of Accrued Interest.
- Statement from Commonwealth of Virginia, Department of Treasury regarding Local Government Investment Pool.

FIXED ASSETS

- Schedule of Governmental Activities fixed assets by classification (beginning balance, additions, deletions, and ending balance).
- Schedule of Public Utilities Fund fixed assets by classification (beginning balance, additions, deletions and ending balance).
- Schedule of Storm Water Fund fixed assets by classification (beginning balance, additions, deletions and ending balance).
- Supporting ledgers/documentation for fixed asset balances including depreciation.
- A listing of major construction projects that were completed or in progress for the City and estimated current year expenditures associated with the project.
- Listing of School assets to be recorded on the City's books.

LEASES

- Schedule of obligations under capital leases by department (from Annual Long-Term Debt Report).
- Current portion/long-term portion of leases.
- Copies of any new lease agreements (review file).
- Summary of activity for leases.

DEBT

- Schedule of outstanding debt (footnote).
- Master W&S Revenue Bonds Resolution Revenue Covenants.
- W&S Coverage of Debt Service.
- Copy of the draft Annual Long-Term Debt Report schedules and Future Debt Requirements schedules.
- Chesapeake Expressway Coverage of Debt Service.
- Schedule of interest accrual on Water and Sewer bonds.
- Legal debt margin.
- Copies of any new debt agreements.
- New debt issue summary information – per debt report.

ENCUMBRANCES

- Listing of encumbrances at year-end

ACCOUNTS RECEIVABLE AND REVENUES

- Storm water aged trial balance and calculation of allowance for uncollectible accounts.
- Department of Public Utilities aged trial balance and calculation of allowance for uncollectible accounts.
- EMS aged trial balance and calculation of allowance for uncollectible accounts.
- Reconciliation of taxes - subsidiary ledger to general ledger.
- Calculation of allowance for uncollectible taxes – PP & RE (APA).
- Allowance for Penalties – PP & RE.
- Estimate Allowance for Uncollectible Accounts – PP & RE.

DISBURSEMENTS

- Report of invoices paid greater than threshold amount through the end of field work for search for unrecorded liabilities.

PAYROLL/RISK MANAGEMENT

- Retirement Footnote Support with supporting documentation to include Actuarial Valuation and VRS Pension Disclosure letter.
- Accounting for Compensated Absences leave accrual – vacation and sick for the City with supporting schedules.
- Report from City showing payroll that is covered by VRS.
- Copy of information filed for actuarial evaluation used to estimate the outstanding liabilities from the self-insured years.
- Copy of Actuarial Evaluation of Reserve

A-133 SINGLE AUDIT

- Schedule of Federal Awards.

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- Statement of Net Assets.
- Statement of Activities.
- Statement of Cash Flows
- Fund financial statements and entity-wide financial statements.
- Support for elimination of inter-fund transactions including internal service fund activity.
- Major funds calculation based on year-end final balances.
- Support for adjustments to non-exchange transaction for full accrual accounting.
- Support for breakout of program revenue vs. general revenue.
- Schedule allocating internal service fund activity to government-wide statements.
- Support for breakout of net asset components.
- Management's Discussion and Analysis.

- Supporting documentation for accrued interest for general long-term debt for entity-wide statements.

CAFR

- First draft.

ATTACHMENT D
SCHEDULES AND REPORTS – PROVIDED BY CHESAPEAKE PUBLIC SCHOOLS
(Not all-inclusive)

GENERAL

- Comparative trial balance worksheets for each fund and analysis for selected changes from prior year to current year
- Schedule of revenue and expenditures and changes in fund balance
- Listing of all fund numbers and names

FIXED ASSETS

- Summary of changes in fixed assets by asset category
- Supporting fixed asset subledgers
- Depreciation schedules and summary of depreciation expense by function
- Schedule of assets to be recorded on the City's books with related debt balances
- Summary of construction in progress and reconciliation of CIP to fixed assets
- Listing of current active projects in CIP
- CIP rollforward by type (equipment vs. building)

LIABILITIES

- Summary of changes in debt
- Summary of leases
- Calculation of vacation and sick leave liability
- Check registers after year-end with supporting documentation for all checks greater than threshold for unrecorded liabilities search
- Listing of encumbrances
- Detail of outstanding purchase orders

SELF INSURANCE

- Anthem report for dental insurance
- CompManagement report for workers compensation
- Summary of monthly dental charges and payments
- Reserve balance rollforward

PENSION

- Net pension obligation calculation
- VRS contributions summary for professional and non-professional employees
- Supporting VRS documentation including monthly statements, contribution rates letter, and actuarial valuation
- Early retirement amortization schedule
- Early retirement liability statements

OTHER

- Annual School Report
- Listing of checks held at year-end
- Miscellaneous statistical data
- Schedule of appropriations
- Cash reversion calculation
- Comparative review of salary expenditures
- Transmittal letter for CAFR
- Listing of School Board members
- School Board minutes

- School Board budget
- School Board organizational chart

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- Financial statements
- Management's Discussion and Analysis
- Major funds calculation
- Support for break out of program revenue vs. general revenue
- Support for break out of net asset component
- Allocation of changes in long-term liabilities
- Worksheet to convert expenditures from fund statements to Statement of Activities

ATTACHMENT E
CERTIFICATION OF COMPLIANCE WITH IMMIGRATION
LAWS AND REGULATIONS

Section 54-72.2 of the Chesapeake City Code requires that any person or entity doing business with the City of Chesapeake, including its boards and commissions, shall include a sworn certification by the contractor or vendor of compliance with all federal immigration laws and regulations. These laws include the Federal Immigration Reform and Control Act, which makes it unlawful for a person or other entity to hire, recruit or refer for a fee for employment in the United States, an alien knowing the alien is unauthorized, and Section 40.1-11.1 of the Code of Virginia, which makes it unlawful for any employer to knowingly employ an alien who cannot provide documents indicating that he or she is legally eligible for employment in the United States. The state law, in particular, places an affirmative duty on employers to ensure that aliens have proof of eligibility for employment.

Accordingly this certification shall be completed and attached to all contracts and agreements for goods and services made by the City of Chesapeake or any of its boards and commissions. Failure to attach a completed certification shall render the contract or agreement void.

Type or print legibly when completing this form.

Legal Name of Contractor or Vendor:

(Note: This is your name as reported to the IRS. This should match your Social Security card or Federal ID Number.)

Type of Business Entity:

Sole proprietorship (Provide full name and address of owner):

Limited Partnership (Provide full name and address of all partners):

General Partnership (Provide full name and address of all partners):

Limited Liability Company (Provide full name and address of all managing members):

Corporation (Provide full name and address of all officers):

Doing Business As:

If Applicable (Note: This is the name that appears on your invoices but is not used as your reporting name.)

Name and Position of Person Completing this Certificate:

Physical Business Address:

Primary Correspondence Address (If different from physical address):

Number of Employees:

Are all Employees Eligible for Employment in the United States?

Under penalties of perjury, I declare on behalf of the contractor/vendor listed above that to the best of my knowledge and based upon reasonable inquiry, each and every one of the contractor's/vendor's employees are eligible for employment in the United States as required by the Federal Immigration Reform and Control Act of 1986 and Section 40.1-11.1 of the Code of Virginia. I further declare on behalf of the contractor/vendor shall use due care and diligence to ensure that all employees hired in the future will be eligible for employment in the United States. I affirm that the information provided herein is true, correct, and complete.

Sworn this ____ day of _____, 200_ on behalf of [name of contractor/vendor]) as evidenced by the following signature and seal:

Name of Contractor/Vendor: _____

Printed Name of Signatory: _____

Signature: _____

Date: _____

COMMONWEALTH OF VIRGINIA:
CITY OF CHESAPEAKE, to-wit:

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by
_____.

Notary Public

Registration No.: _____

My commission expires: _____

APPENDIX A

SECTION I

REQUIRED GENERAL TERMS AND CONDITIONS

- A. APPLICABLE LAWS AND COURTS
- B. ANTI-DISCRIMINATION
- C. ETHICS IN PUBLIC CONTRACTING
- D. IMMIGRATION REFORM AND CONTROL ACT OF 1986
- E. DEBARMENT STATUS
- F. ANTITRUST
- G. MANDATORY USE OF CITY FORM AND TERMS AND CONDITIONS
- H. CLARIFICATION OF TERMS
- I. PRECEDENCE OF TERMS
- J. QUALIFICATIONS OF BIDDERS OR OFFERORS
- K. ASSIGNMENT OF CONTRACT
- L. CHANGES TO THE CONTRACT
- M. DEFAULT
- N. INSURANCE
- O. ANNOUNCEMENT OF AWARD
- P. DRUG-FREE WORKPLACE
- Q. NONDISCRIMINATION OF CONTRACTORS
- R. TERMINATION OF CONTRACT

- A. **APPLICABLE LAWS AND COURTS:** This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The contractor shall comply with all applicable federal, state and local laws, rules and regulations. This solicitation is also governed by provisions of the Chesapeake City Code, Chapter 54, entitled "Public Procurement" and any revisions thereto, which is hereby incorporated into this contract by reference. Contact the Purchasing Division at (757) 382-6359, for more information or to review the City Code Chapter on "Public Procurement".
- B. **ANTI-DISCRIMINATION:** By submitting their proposals, offerors certify to the City of Chesapeake that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and § 2.2-4311 of the *Virginia Public Procurement Act (VPPA)*. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, § 2.2-4343.1E).

In every contract over \$10,000 the provisions in 1. and 2. below apply:

1. During the performance of this contract, the contractor agrees as follows:
 - a. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - b. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.

- c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.
- 2. The contractor will include the provisions of 1. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.
- C. **ETHICS IN PUBLIC CONTRACTING:** By submitting their proposals, offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.
- D. **IMMIGRATION REFORM AND CONTROL ACT OF 1986:** By submitting their proposals, offerors certify that they do not and will not during the performance of this contract employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.
- E. **DEBARMENT STATUS:** By submitting their proposals, offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.
- F. **ANTITRUST:** By entering into a contract, the contractor conveys, sells, assigns, and transfers to the City of Chesapeake all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the City of Chesapeake under said contract.
- G. **MANDATORY USE OF CITY FORM AND TERMS AND CONDITIONS FOR RFPs :** Failure to submit a proposal on the official City of Chesapeake form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the City reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.
- H. **CLARIFICATION OF TERMS:** If any prospective offeror has questions about the specifications or other solicitation documents, the prospective offeror should contact the Contract Administrator no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum..
- I. **PRECEDENCE OF TERMS:** Paragraphs A-H of these General Terms and Conditions shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.
- J. **QUALIFICATIONS OF OFFERORS:** The Local Government may make such reasonable investigations as deemed proper and necessary to determine the ability of the offeror to perform the services and the offeror shall furnish to the Local Government all such information and data for this purpose as may be requested. The Local Government reserves the right to inspect offeror's physical facilities prior to award to satisfy questions regarding the offeror's capabilities. The Local Government further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such offeror fails to satisfy the Local Government that such offeror is properly qualified to carry out the obligations of the contract and to provide the services contemplated therein.
- K. **ASSIGNMENT OF CONTRACT:** A contract shall not be assignable by the contractor in whole or in part without the written consent of the Contract Administrator.
- L. **CHANGES TO THE CONTRACT:** Changes can be made to the contract in any of the following ways:
 - 1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
 - 2. The Contract Administrator may order changes within the general scope of the contract at any time by written notice to the contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed. The contractor shall comply with the notice upon receipt. The

contractor shall be compensated for any additional costs incurred as the result of such order.

- M. **DEFAULT:** In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Local Government, after due oral or written notice, may procure them from other sources and hold the contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Local Government may have.
- N. **INSURANCE:** By signing and submitting a proposal under this solicitation, the offeror certifies that if awarded the contract, it will have the following insurance coverages at the time the contract is awarded. The offeror further certifies that the contractor and any subcontractors will maintain these insurance coverages during the entire term of the contract and that all insurance coverages will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

INSURANCE COVERAGES AND LIMITS REQUIRED:

1. Workers' Compensation - Statutory requirements and benefits per the Code of Virginia, Worker's Compensation Act.
 2. Professional Liability - \$1,000,000 per occurrence.
 3. Commercial General Liability - \$1,000,000 general aggregate limit. Commercial General Liability is to include Premises/Operations Liability, Products and Completed Operations Coverage, and Independent Contractor's Liability or Owner's and Contractor's Protective Liability. The City of Chesapeake must be named as an additional insured when requiring a Contractor to obtain Commercial General Liability coverage.
 4. Automobile Liability - \$1,000,000 - Combined single limit.
- O. **ANNOUNCEMENT OF AWARD:** Upon the award or the announcement of the decision to award a contract over \$30,000, as a result of this solicitation, the Purchasing Division will publicly post such notice on the City of Chesapeake website (www.CityofChesapeake.net) for a minimum of 10 days.
- P. **DRUG-FREE WORKPLACE:** During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "*drug-free workplace*" means a site for the performance of work done in connection with a specific contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

- Q. NONDISCRIMINATION OF CONTRACTORS:** A bidder, offeror, or contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, or disability, or against faith-based organizations. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the City of Chesapeake shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

- R. TERMINATION OF CONTRACT:** The Contract Administrator may terminate the contract for cause or for convenience after giving thirty (30) days notice in writing to the Contractor. The written notice shall include a statement of reasons for the termination.

Termination for Cause: If the Contractor should breach the contract or fail to perform the services required by the contract, the Local Government may terminate the contract for cause by giving written notice or may give the Contractor a stated period of time within which to remedy its breach of contract. If the Contractor shall fail to remedy the breach within the time allotted by the Local Government, the contract may be terminated by the Local Government at any time thereafter upon written notice to the Contractor or, in the alternative, the Local Government may give such extension of time to remedy the breach as the Local Government determines to be in its best interest. The Local Government's forbearance by not terminating the contract for a breach of contract shall not constitute a waiver of the Local Government's right to terminate nor acquiescence in future act or omissions by the Contractor of a like nature. If the contract is terminated for cause, breach of contract or failure to perform, the Contractor may be subject to a claim by the Local Government for the costs and expenses incurred in securing a replacement Contractor to fulfill the obligations of the contract.

Termination for Convenience: The contract may be terminated by the Local Government in whole or in part for the convenience of the Local Government without a breach of contract by delivering to the Contractor a written notice of termination specifying the extent to which performance under the contract is terminated and the effective date of the termination. Upon receipt of such a notice of termination, the Contractor must stop work, including but not limited to work performed by subcontractors and consultants, at such time and to the extent specified in the notice of termination.

If the contract is terminated in whole or in part for the convenience of the Local Government, the Contractor shall be entitled to those fees earned for work done prior to the notice of termination and thereafter shall be entitled to any fees earned for work not terminated, but shall not be entitled to lost profits for the portions of the contract which were terminated. The Contractor will be compensated for reasonable costs or expenses arising out of the termination for the convenience of the Local Government for delivery to the Local Government of all products of the services for which the Contractor has or will receive compensation.

Delivery of Materials: Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver to the Local Government all products of the services for which the Contractor has been or will be compensated. Unless otherwise agreed to in writing, the Contractor shall deliver the materials to the Local Government within 30 days of the Notice of Termination of the Contract. Failure to do so may result in action for "breach of contract" or "failure to perform".

Compensation Due the Contractor: Upon such termination, the Contractor shall be entitled to the compensation accrued to the date of termination. Payment of the balance of the accrued compensation shall be dependent on the Contractor providing the required project material to the Local Government. Said fees which have been earned shall be billed to the Local Government in accordance with the normal billing process, but in no case later than 60 days after the last work is performed. Any termination by the Local Government for default, found by a court of competent jurisdiction not to have been justified as a termination for default, shall be deemed a termination for the convenience of the Local Government.

The Contractor shall submit invoices for all such amounts in accordance with the normal billing process, but in no event later than 60 days after all services are performed. All amounts invoiced are subject to deductions for amounts previously paid. All payments due the Contractor under this contract are subject to appropriation by the Chesapeake City Council and Chesapeake Public Schools.

APPENDIX A

SECTION II SPECIAL TERMS AND CONDITIONS

1. ADVERTISING
2. AUDIT
3. AVAILABILITY OF FUNDS
4. BID ACCEPTANCE PERIOD
5. IDENTIFICATION OF PROPOSAL ENVELOPE
6. MINORITY/WOMEN-OWNED BUSINESSES SUBCONTRACTING AND REPORTING
7. REFERENCES
8. RENEWAL OF CONTRACT

1. **ADVERTISING:** In the event a contract is awarded for supplies, equipment, or services resulting from this proposal, no indication of such sales or services to the City of Chesapeake will be used in product literature or advertising. The contractor shall not state in any of its advertising or product literature that the City of Chesapeake or any department, agency or component unit of the City has purchased or uses its products or services.
2. **AUDIT:** The Contractor shall retain all books, records, and other documents relative to this contract for five (5) years after final payment, or until audited by the City, whichever is sooner. The City auditors shall have full access to the right to examine any of said materials during said period.
3. **AVAILABILITY OF FUNDS:** It is understood and agreed between the parties herein that the Local Government shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.
4. **PROPOSAL ACCEPTANCE PERIOD:** Any proposal in response to this solicitation shall be valid for 120 days. At the end of the 120 days the proposal may be withdrawn at the written request of the offeror. If the proposal is not withdrawn at that time it remains in effect until an award is made or the solicitation is canceled.
5. **IDENTIFICATION OF PROPOSAL ENVELOPE:** If a special envelope is not furnished, or if return in the special envelope is not possible, the signed proposal should be returned in a separate envelope or package, sealed and identified as follows:

From: _____
Name of Offeror Due Date Time

Street or Box Number RFP No.

City, State, Zip Code RFP Title

Name of Contract/Purchase Officer or Buyer _____

The envelope should be addressed as directed on Page 1 of the solicitation.

If a proposal not contained in the special envelope is mailed, the offeror takes the risk that the envelope, even if marked as described above, may be inadvertently opened and the information compromised which may cause the proposal to be disqualified. Proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other proposals should be placed in the envelope.

6. **MINORITY/WOMEN OWNED BUSINESSES SUBCONTRACTING AND REPORTING:** Where it is practicable as approved by the Contract Administrator for any portion of the awarded contract to be subcontracted to other suppliers, the contractor is encouraged to offer such business to minority and/or women-owned businesses. Names of firms may be available from the buyer and/or from the Purchasing Division. When such business has been subcontracted to these firms and upon completion of the contract, the contractor agrees to furnish the purchasing office the following information: name of firm, phone number, total dollar amount subcontracted and type of product/service provided.

7. **RENEWAL OF CONTRACT:** The period of this contract shall be from April 15, 2008, or the date of award whichever is later, through April 14, 2012 with the option to renew for two (2) additional one (1) year periods.

It should be noted that multiyear contracts may be continued each fiscal year only after funding appropriations have been granted by the Chesapeake City Council and Chesapeake Public Schools. In the event that the Chesapeake City Council and Chesapeake Public Schools do not grant necessary funding appropriation approval, then the affected multiyear contract becomes null and void, effective July 1, of the fiscal year for which such approvals have been denied.