

City of Fairview, Oregon



Request for Proposals (RFP) To Provide Municipal Auditing Services

Date Due: May 16, 2008

Time Due: 5:00 PM

Mailing Address:
Finance Department
Attention: Lesa Folger
P.O. Box 337
Fairview, Oregon 97024

Hand Delivery:
1300 NE Village Street
Fairview, Oregon 97024

City of Fairview Request for Proposal Financial Audit Services

Introduction

The City of Fairview, Oregon invites proposals from qualified independent certified public accounting firms for annual audit services for fiscal years ending June 30th, in 2008, 2009, and 2010.

Sole proprietors are encouraged to submit proposals. However, for business continuity purposes, it will be necessary to submit a continuation plan, in the event the sole proprietor is unable to complete the audit or provide other services due to illness, injury, family emergency, or other unforeseen circumstances.

While it is the intent of the City to negotiate a three-year contract, continuation into the second and third years will be contingent upon successful and timely completion of the first and second years of the contract, respectively. One-year extensions for fiscal years ending June 30th, in 2011 and 2012 may be granted upon the approval of City Council.

The City's financial audit needs will be evaluated on the criteria of quality and scope of services provided, in addition to cost. Therefore, appointment of an independent auditor will be determined by qualifications, services provided, and cost to provide those services.

Objective

The independent auditor appointed will be expected to:

1. Audit the City's books and records.
2. Prepare a Comprehensive Annual Financial Report for the City.
3. Prepare and express an opinion on the City's annual financial statements.
4. Conduct a "single audit" covering the City's Federal grants as required by the Single Audit Act and the Office of Management and Budget Circular A-133, if required (an additional fee may be charged for this service).
5. Prepare and provide a Management Letter.
6. Provide technical assistance to City staff on various accounting and reporting questions.

City Background

The City of Fairview was incorporated in 1908 and operates under the provisions of a charter first enacted in 1911 and most recently amended in 2004. The City operates under the Council-Administrator form of government. The Council is comprised of a Mayor and six elected Council members. The Mayor and Council members each serve four-year terms.

The City's 40 employees directly provide a wide-range of municipal services to Fairview's 9,695 residents. These services include: police, water, sewer collection, storm water management, parks, planning and development, code enforcement, municipal court, general administrative services and special community events. Fire services and sewage treatment are contracted with the City of Gresham, while building inspections are contracted with the City of Troutdale through June 30th, 2008.

The City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007 may be viewed at the following link: <http://www.ci.fairview.or.us/CAFR.pdf>.

Accounting System

Financial accounting records are computerized using AIMS accounting software. Modules within the AIMS software include: Accounting, Payroll, Assessments, and Utility Billing. Harris software is utilized for Municipal Court transactions. The City plans to purchase and implement a new financial accounting system in fiscal year 2008/2009.

The City currently maintains 17 funds. These funds are listed below by fund type.

General Fund

Special Revenue Funds

State Tax Street Fund
Administrative Excise Charge Fund
Equipment Replacement Fund
Facilities Maintenance Fund
SDC – Parks/Open Spaces Fund

Debt Service Funds

Fairview Lake LID Debt Fund
Capital Project Bonded Debt Fund
Water Bonded Debt Fund

Enterprise Funds

Water Fund
Water Reimbursement Fund
Water Improvement Fund
Sewer Fund
Sewer Reimbursement Fund
Sewer Improvement Fund
Storm Water Fund
Storm Water Improvement Fund

Scope of Services

The scope of each financial audit shall be planned so as to preclude the necessity of exceptions arising from scope limitations. The scope of each audit shall be sufficient to enable the auditor to issue a management letter as well as an opinion on the basic financial statements.

All financial audits performed must be completed in accordance with Generally Accepted Accounting Principals. The City's Comprehensive Annual Financial Report (CAFR) shall conform to reporting standards for government entities as determined by the Governmental Accounting Standards Board (GASB) and/or the Financial Accounting Standards Board (FASB), as appropriate.

The following reports are required at the completion of each annual audit:

- A) Comprehensive Annual Financial Report, with financial statements and schedules to be prepared by the auditing firm
- B) Management Letter
- C) Oregon Audits Division Summary of Revenues and Expenditures
- D) Presentation of the Comprehensive Annual Financial Report to Council Members at a Fairview City Council Meeting

A pre-audit meeting between the auditing firm, City management, and Finance Department staff will be conducted prior to the audit each year. During this meeting, items to be discussed include: audit schedule, working paper standards and requirements, and deadlines. A list shall be presented by the auditor at this time indicating the information required from City staff.

Proposal and Award Schedule:

- 1) **April 21, 2008** - Publish Notice and Distribute Request for Proposal
- 2) **May 16, 2008** - Proposal Due Date (Proposals must be received by City of Fairview City Hall Administrative Department by 5:00 PM).
- 3) **June 2-6, 2008** - Interviews with Finalists
- 4) **June 18, 2008** - Presentation of Recommendation before Fairview City Council (this date is subject to change)
- 5) **June 20, 2008** - Contract Awarded

Proposal Requirements:

It is mandatory that each applicant be properly licensed for public practice as an independent auditor and qualify as a municipal auditor in the State of Oregon to be considered.

All proposals shall contain the following: **(please address in order)**

1. Firm name, address, contact information, and the name of the primary contact in reference to this proposal.
2. Please provide information about your firm, including: background, size, types of services provided, and types of engagements completed.
3. Include copies of your most recent Peer Review, Letter of Comment, and Letter of Response.
4. List and address any current complaints with the State Board of Accountancy or complaints filed within the last three years. If these complaints have been resolved, please describe the resolution. If no complaints have been filed within the last three years, please state this.
5. Names of local partners/principals and the number of local staff on the Oregon Municipal roster.
6. A list of partners and key staff who will be assigned to this engagement. Please provide resumes for those who will be performing professional work. These resumes should precisely address each individual's amount and level of experience in municipal auditing.

7. Indicate the number of staff that will be assigned to perform fieldwork. Submit a work plan with accompanying time schedule for each segment of work to be performed. Include an estimate of total hours expected to be expended on this engagement.
8. Name the local government jurisdictions in Oregon presently audited by your firm. Provide contact information for three of these clients, as similar in size and function to the City of Fairview as possible. Please ensure these contacts are willing to discuss their audit and the audit firm's performance with City of Fairview staff.
9. Submit one sample of a recent municipal Comprehensive Annual Financial Report (CAFR) for a jurisdiction in the State of Oregon audited by your firm. Ideally, this CAFR will have received the Government Finance Officer's Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. Please indicate whether or not the CAFR received the award.
10. Submit one sample of a Management Letter recently issued by your firm pertaining to an audit similar to that required for the City of Fairview.
11. Explain how City personnel would be utilized to assist during the audit, indicating an approximate time requirement for each function.
12. Provide the all-inclusive fee your firm will charge the City of Fairview for the annual audit by year, over the three year period. For each year, include detailed line items that total the all-inclusive fee. "All-inclusive" is defined for the purpose of this proposal as any fee associated with the successful and timely completion of the audit, including, but not limited to: Personnel, travel and lodging, out-of-pocket, per diem costs, etc.
13. Provide the all-inclusive fee your firm will charge the City of Fairview for the preparation of a Single Audit Report (A-133), in the event one is required. Include cost by year, over the three-year period.
14. Address the ability of your local office to provide consulting services.

15. Provide the fee structure your firm will use when charging the City of Fairview for special requests. Please indicate whether this fee structure will remain the same throughout the three year contract period, or if it will change. If the fee structure is subject to change, please indicate specific information regarding the fee structure to be used in years two and three of the contract.

When describing the fee structure to be used, please indicate any variation in fee based upon the staff classification requirements of the task.

Please note that professional advice, when related to the audit, or for other purposes when requiring little research and solicited infrequently, is expected to be provided free of charge. For the purposes of this agreement, "little research" is described as research requiring one-half hour or less and "infrequently" is described as two or less times per 30-day period.

16. Our insurance carrier requires that we obtain proof of worker's compensation coverage from all contractors. Please provide proof of worker's compensation coverage.

17. Please provide proof of liability insurance coverage with the following limits:

- Professional Liability
\$1,000,000 per occurrence
\$2,000,000 annual aggregate
- General Liability
\$1,000,000 per occurrence
\$2,000,000 annual aggregate

18. Submit a signed certification statement (located on the final page of this RFP).

19. **(Sole Proprietors only)** If a sole proprietor, please submit a detailed business continuation plan. This plan should describe, in detail, who will complete the City's audit in the event of the sole proprietor's inability to do so. Please answer questions #1 through #6, #8, #16, and #17 for the firm or sole proprietor who will complete the audit in lieu of the contracting individual.

Please note that the City's contract will remain with the initial contracting party and they must subcontract the firm or sole proprietor who will continue the audit. No alterations will be made to the contract amount or schedule to accommodate this change. You must also provide proof of the subcontractor's worker's compensation coverage to the City in the event they are utilized. It is mandatory that the subcontractor be properly licensed for public practice as an independent auditor and qualify as a municipal auditor in the State of Oregon.

Audit Schedule:

The audit contract must be signed by all parties by July 1st, 2008. Audit fieldwork shall take place at times mutually agreed upon by both parties. It is the desire of the City to complete the audit as soon after the end of the fiscal year as possible. The Comprehensive Annual Financial Report, Management Letter, and Oregon Audits Division Summary of Revenues and Expenditures must be completed and delivered to the City no later than December 1st for the fiscal year ended the prior June 30th. If December 1st falls on a non-business day, the following business day becomes the due date. A penalty of \$50.00 per business day will be assessed if the required reports are not completed by December 1st for the fiscal year ended the prior June 30th. However, any delay attributed to the City of Fairview shall not result in a fine. The attribution of this delay to the City of Fairview must be agreed upon by both parties.

If a report submission date later than December 1st is desired by the firm, the contracting parties may, at the discretion of the City, agree to a delayed submission date. A request for delayed submission shall be submitted to the City of Fairview Finance Director no later than November 15th.

Evaluation Criteria:**1) Qualifications – 35%**

- The firm must be legally qualified in the State of Oregon to perform municipal auditing work
- Municipal auditing experience of the firm
- Municipal auditing experience of the proposed individuals assigned to the audit
- Evaluations provided by previous government clients
- Ability to provide a comprehensive range of auditing and consulting services

2) Services Provided**Understanding/Approach/Schedule – 30%**

- Demonstration of understanding of the work to be performed
- Ability to meet the City's deadlines
- Estimated total number of hours to be devoted to the audit
- Completeness of proposal
- Description of approach to be taken in completing the engagement
- Ability of the Firm's local office to provide consulting services to the City as needed

3) Cost – 35%

- Proposed annual audit fee
- Proposed fee for A-133 audit, should one be required
- Fee structure for services beyond the scope of the audit engagement

Clarification

The City may seek clarification on any submitted proposal. In addition, the City reserves the right to request additional evidence of any claims made in any proposal, or request additional information.

Clarification from the City regarding any of the evaluation materials or criteria may be obtained by contacting Lesa Folger, Management Analyst (503)674-6247.

Proposal Submission

To be considered, submit five copies of your proposal in a sealed envelope. Proposals must be delivered by the due date to the address listed on the cover page of this RFP. Please clearly indicate on the reverse of the envelope that its contents are a proposal in response to the audit RFP. Proposals received after 5:00 on the specified deadline date will not be considered and will be returned unopened.

Certification Statement

- 1) This proposal may be released with all other proposals received as public information. Any proprietary information has been clearly marked as such.
- 2) The proposal in its entirety shall be valid for 90 days from the proposal due date.
- 3) If awarded the contract, the City of Fairview will be named an additional insured on the liability insurance policies referenced in #17 of the proposal requirements. Proof of this will be provided to the City of Fairview.
- 4) The proposal has been created independently and without collusion designed to limit independent bidding or competition.
- 5) I certify that I am authorized to bind _____
(name of firm) to the proposal submitted with this certification statement.

Proposer's Signature

Date

Proposer's Printed Name