



Virg Bernero, Mayor

FINANCE DEPARTMENT

PURCHASING OFFICE
124 W. Michigan Avenue, 8th floor
Lansing, Michigan 48933-1603
(517) 483-4124

<http://www.lansingmi.gov/finance/purchasing>

April 13, 2010

REQUEST FOR QUALIFICATIONS AND PROPOSAL RFQP/10/100 ANNUAL FINANCIAL AUDIT SERVICES FINANCE DEPARTMENT

The City of Lansing officially distributes all Purchasing documents through the Michigan Inter-governmental Trade Network (MITN) and the City of Lansing Purchasing Office. Our office no longer mails bid documents, notices or addendums to our vendors.

To register for the MITN system or access bid information, including addendums, go to www.mitn.info

PURPOSE

This request for qualifications and proposal is solicited for ANNUAL FINANCIAL AUDIT SERVICES from well qualified firms of certified public accountants to perform audits of the City's financial statements in accordance with and as set forth in the GAO standards of 1994, the Federal Single Audit Act of 1984 and all other OMB (Federal) circulars and as called out within this RFQP under separate cover.

The City reserves the right to accept any proposal, to reject any and all proposals and to make the award in the best interest of the city.

Please submit four (4) typewritten copies, one unbound, of your completed proposal **up to but no later than, 3:00 PM local time in effect May 13, 2010**, to the Finance Department, Purchasing Office, 8th floor City Hall, 124 W. Michigan Avenue, Lansing, Michigan 48933. All submittals must be sealed and identified on the outside of the mailing envelope with "RFQP/10/100, Annual Financial Audit Services".

Please submit four copies of the cost of services as a separate and distinct part of your overall proposal and clearly mark "RFQP/10/100, Annual Financial Audit Services Fees/Cost Proposal" on the outside of the envelope enclosed with your response.

Please direct all questions concerning the content or purpose of this RFQP to me at (517) 483-4129. Technical Questions should be directed to Tom Korkoske, Accounting Manager, (517) 483-4516.

John J. Green

Interim Purchasing Manager

Solicitation Number: RFQP/10/100

Solicitation Name: ANNUAL FINANCIAL AUDIT SERVICES

The City of Lansing Purchasing Office is collecting information regarding the use of the MITN e-procurement system. We are also collecting demographic information regarding woman-owned, minority-owned and Lansing based business. This form will not be used during the evaluation of bids or proposals. You may return this sheet, which is voluntary, with your submittal or shortly thereafter. Please, do not staple this to your bid document.

I. Where did your firm receive of this solicitation? Please check all that apply.

☐ City of Lansing Purchasing Web Page <http://www.mitn.info>

☐ City of Lansing Purchasing Office

☐ Other, please

list: _____

II. Demographic Information:

Is your firm located or have a business office within the corporate city limits of Lansing
yes _____ no _____

Is your firm owned (at least 51% ownership), operated and controlled by a member of the following minority groups? If so, please check all that apply:

☐ African-American

☐ Hispanic-American

☐ Native-American (American Indian, Eskimo, Aleut, Native Hawaiian)

☐ Asian-Pacific

☐ Asian-Indian (India, Pakistan and Bangladesh)

☐ Disabled-Owned

Is your firm owned (at least 51% ownership), operated and controlled by a female: Yes _____ No _____

III. Company Information

Federal Tax ID Number _____

Firm Name

Address (Street, City, State, ZIP)

Phone Number

Fax Number

Web Site Address

Contact Person

Thank you for your participation.

All proposers shall complete the Proposal and Award page(s) and submit all information requested herein in the proposal document in its entirety, **IN ORDER FOR THE PROPOSAL TO BE RESPONSIVE. FAILURE TO DO SO MAY RESULT IN THE PROPOSAL BEING DECLARED NON-RESPONSIVE AND REJECTED.**

REQUEST FOR QUALIFICATIONS and PROPOSAL (RFQP)

PROPOSAL REFERENCE No.: RFQP/10/100
ISSUE DATE: April 13, 2010
PROPOSAL OPENING DATE: May 13, 2010
PROJECT: ANNUAL FINANCIAL AUDIT SERVICES
ISSUING OFFICE: FINANCE DEPARTMENT
CONTACT NAME: TOM KORKOSKE
PHONE: (517) 483-4516

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Should any of the required documents be missing from your packet, immediately notify the Finance Department, Purchasing Section and request that they be supplied.

DATE _____

REQUEST FOR PROPOSALS

RFQP/10/100

PROPOSAL AND AWARD Initial: _____

The undersigned having become thoroughly familiar with and understanding all of the proposal documents attached hereto, agrees to provide the services as specified herein, for the total fees as stipulated herein, subject to negotiation.

I hereby state that all of the information I have provided is true, accurate and complete. I hereby state that I have authority to submit this proposal which will become a binding contract if accepted by the City of Lansing. I hereby state that I have not communicated with, nor accepted anything of value from an official or employee of the City of Lansing that would tend to destroy or hinder free competition.

I hereby state that I have read, understand and agree to be bound by all the terms of this proposal document. Please initial next to Proposal and Award

STATEMENT OF NO PROPOSAL

Initial _____

If you do **not** intend to submit a proposal on this commodity or service, please sign and return this page by the proposal due date. Also please initial next to Statement of No Proposal.

We, the undersigned have declined to submit a proposal for the following reason:

- _____ Insufficient time to respond to the Request for Proposal.
- _____ Our schedule would not permit us to perform.
- _____ Other (specify below).

Remarks: _____

SIGNED: _____ NAME: _____

TITLE: _____ DATE: _____

FIRM NAME (if any): _____

ADDRESS: _____
(Street) (City) (State) (Zip)

PHONE: () _____ FAX: () _____

INSTRUCTIONS TO RESPONDENTS

TERMS AND CONDITIONS

Use Of RFQP Forms

This packet represents the RFQP document. If you choose not to submit a response, please complete and return Page 2 "Statement of No Proposal". If you choose to submit a proposal, then page 3 " Proposal and Award" must be submitted with your proposal.

Interpretations for Addenda

Questions from Respondents regarding this RFQP must be submitted to the Buyer, in writing, and must arrive in the Office of Purchasing no later than seven (7) City business days prior to the due date set of the RFQP. Answers to questions that change or substantially clarify the RFQP will be issued as an addendum and will be provided to all prospective bidders. Addenda will be on file in the Office of Purchasing at least five (5) City business days before the proposals are opened. All addenda will be mailed to each person holding Documents, but it shall be the Respondent's responsibility to make inquiries as to the Addenda issued. All such Addenda shall become part of the Contract Documents and all Respondents shall be bound by such Addenda, whether or not received by the Respondent. The Office of Purchasing will respond to telephone inquiries or visitations by bidders or their representatives. The City of Lansing's Office of Purchasing does not commit to answering questions received during the last five (5) business days prior to the proposal due date.

RFQP's

- a) All proposals must be submitted following the RFQP Format as stated in this document using figures attached (when provided) and shall be subject to all requirements of this Document including the INSTRUCTION TO RESPONDENTS and GENERAL INFORMATION sections. All proposals must be regular in every respect and no interlineations, excisions, or special conditions shall be made or included in the RFQP format by the Respondent.
- b) The City of Lansing may consider as irregular any proposal on which there is an alteration of or departure from this RFQP Format, as provided in the RFQP Documents, and at its option may reject the same.
- c) If a Contract is awarded it will be awarded by the City of Lansing to the most responsive proposal on the basis of Section 206 of the City of Lansing Code of Ordinances. The Contract will require the completion of the work pursuant to these documents.
- d) Each Respondent shall include in its proposal, in the format requested thereof, the cost of performing the work. The prices set forth in the proposal by the Respondent shall remain effective 90 days from the time of the proposal opening.

PROPOSAL CONTENTS/ ECONOMY OF PREPARATION

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the respondent's ability to meet the requirements of the RFQP. Fancy bindings, colored displays, promotional material, etc., will not receive evaluation credit. Emphasis should be on completeness and clarity of content.

All costs associated in the preparation of the proposal and its contents will be born by the respondent. The city is not responsible for any costs or fees associated with its preparation or delivery. The contents of the proposal will become the property of the City's upon submission. The contents of the proposal of the successful respondent will become contractual obligations, if a contract ensues. Failure of the successful vendor to accept these obligations may result in cancellation of the award.

CORRECTIONS

Erasures or other changes in the RFQP form must be explained or noted over the signature of the Respondent.

COLLUSIVE AGREEMENTS

- a) Each Respondent submitting a proposal to the City of Lansing for any portion of the work contemplated by the documents on which a Response is based shall execute, and attach an affidavit to the effect that it has not colluded with any other person, firm, or corporation in regard to any proposal submitted.
- b) Before executing any subcontract, the successful Respondent shall submit the name of any proposed subcontractor for prior approval.

ORGANIZATION AND FINANCIAL STATEMENT

Each Respondent shall, upon request, of the City of Lansing, submit an ORGANIZATION AND FINANCIAL STATEMENT. The City of Lansing shall have the right to take such steps as it deems necessary to determine the ability of the Respondent to perform its obligations under the Contract, and the Respondent shall furnish the City of Lansing all such information and data for this purpose as it may request. The right is reserved to reject any proposal where an investigation of available evidence or information does not satisfy the City of Lansing that the Respondent is qualified to carry out properly the terms of the Contract, or where the Respondent refuses or fails to furnish the City of Lansing with any evidence or information requested by the City.

SIGNATURES

The Proposal and Award page and any proposal notifications, claims or statements must be signed in ink by an official of the proposing organization authorized to bind the proposer to the provisions of the RFQP.

TIME FOR RECEIVING PROPOSALS

Proposals received prior to advertised hour of opening will be securely kept unopened. The officer whose duty it is to open them will decide when the specified time has arrived, and proposals received thereafter will not be considered. Late RFQP's will be returned to the Respondent un-opened. **The City of Lansing is not responsible for delivery delays and the date-stamp clock at the City of Lansing Purchasing office location shall determine the official time of receipt.**

WITHDRAWAL OF PROPOSALS

Proposals may be withdrawn on written request dispatched by the Respondent in time for delivery in the normal course of business prior to the time fixed for opening. The proposal guarantee of any Respondent withdrawing its RFQP in accordance with the foregoing conditions will be returned promptly.

A proposal, including all pricing, may not be withdrawn, modified or canceled by the vendor for a period of 90 days following the proposal deadline and vendor so agrees upon submittal of the proposal. Once selected, the vendor agrees to extend submitted prices, if needed, during the contract negotiation period.

DEFAULT TO CITY

It is understood that any Respondent who is in default to the City at the time of opening the proposal shall have the proposal declared null and void.

AWARD OF CONTRACTS / REJECTION OF PROPOSALS

- a) The Contract will be awarded to the most responsive bidder as determined pursuant to the provisions of Chapter 206 of the City of Lansing's Code of Ordinances, provided such proposal is in the best interests of the City of Lansing to accept it.
- b) The City of Lansing reserves the right to reject any and all proposals and to waive any irregularity in proposals received whenever such rejection or waiver is in its best interests. The Respondent to whom the Award is made will be notified at the earliest possible date.
- c) The City of Lansing reserves the right to consider as unqualified to perform the Contract any Respondent who does not habitually perform with its own forces twenty-five (25%) of the work involved.
- d) The Contract shall not be considered executed unless signed by the Mayor after approval as to form by the City Attorney and certification as to the availability of funds by the City Controller. Signatures on behalf of the City other than those cited above shall not constitute contract execution by the City and the contract shall be null and void.

EQUAL EMPLOYMENT OPPORTUNITY

Attention of Respondents is particularly called to the requirements for ensuring that employees and applicants for employment are not discriminated on any illegal basis including race, color, religion, sex, or national origin as required by the City of Lansing's Ordinance Section 206.21 (see Equal Opportunity Provisions).

TAX LIABILITY

When the terms of this contract involve the lease of property, real or personal, to the City, it is understood that the Lessor shall be solely responsible for the payment of all taxes of any nature whatsoever that accrue on the property during the term of the lease. Sales Tax and Use Tax are applicable in this contract and are the sole responsibility of the Provider of services.

CITY ORDINANCE AND CHARTER REFERENCES

All City of Lansing Ordinances and Charter Sections applicable to this RFQP are available at the Lansing City Clerk's office for the Respondent's inspection and review, and the Respondent understands that it is its sole responsibility to understand and fully comply with all applicable City of Lansing Ordinance and Charter sections.

NOT TO EXCEED OR NON-APPROPRIATION

The Respondent hereby recognizes that the City is a political body corporate, and that in the event the City fails to appropriate monies sufficient enough to pay its obligations herein, that the City may terminate this agreement without incurring any liability thereof.

TYPE OF CONTRACT

It is proposed that a contract entered into as a result of this RFQP will have a fee structure with a specified maximum, not to be exceeded, cost. Negotiations may be undertaken with those Respondents whose proposals as to price and other factors show them to be qualified, responsible and capable of performing the work; and in accord with the City of Lansing Code of Ordinances. The contract that may be entered into will be that one which is most advantageous to the City, price and other factors considered. The City reserves the right to consider proposals of modifications thereof received at any time before the award is made, if such action is deemed to be in the best interest of the City.

NEWS RELEASES

News releases pertaining to this request, or the work to which it relates, will not be made without prior written approval of the issuing office.

CONTRACT EXTENSIONS

This contract will be for a period of one year with the option to extend for one additional year, up to a maximum of four (4) one year extensions. Contract extensions are subject to mutual agreement between the contractor and the City 30 days prior to contract expiration of each year.

INCURRING COST

The City shall not be liable for any costs, including any travel, by the proposer prior to award of contract. The City does not intend to pay for any information obtained, though such may be utilized in determining the award. Total liability of the City is limited to the terms and conditions of this request and any resulting contract.

NO THIRD-PARTY RIGHTS

It is agreed and understood that the contract is made solely for the benefit of the City and the Provider of Services; that it is not made for the benefit of any third party; and that no action or defense may be founded upon this contract except by the parties signatory hereto.

DISCLOSURE OF PROPOSAL CONTENTS

After contract award, a summary of total price information for all submissions may be furnished upon demand to those Respondents participating in this request. If a proposal contains any information that the Respondent does not want disclosed to the public or used by the City for any purpose other than proposal evaluation, each sheet of such information must be marked with the following legend:

"This information shall not be disclosed outside the City or be duplicated, used or disclosed in whole or in part for any purpose other than to evaluate the proposal; provided, that if a contract is awarded to the respondent, or as a result of, or in connection with the submission of such information, the City shall have the right to duplicate, use or disclose this information to the extent provided in the contract. This restriction does not limit the City's right to use information contained herein if obtained from another source."

ORAL PRESENTATION

Respondents who submit a proposal may be required to make an oral presentation of their proposal to the Issuing Office. These presentations will provide an opportunity for the respondent to clarify its proposal to ensure mutual understanding of its contents. The Issuing Office will schedule any such presentations.

ACCEPTANCE OF PROPOSAL CONTENT

The contents of the proposal of the successful offerer will become contractual obligations, if a contract is issued. Failure of the successful bidder to accept these obligations will result in cancellation of the award.

PROJECT CONTROL

- A. The consultant will perform the work under the direction and control of a Project Director designated by the Issuing Office.
- B. The Project Director will meet on an agreed upon basis with the consultant's Project Manager for the purpose of reviewing progress and providing necessary guidance to the consultant in solving problems which may arise.
- C. The consultant will submit written, summaries of progress on an agreed upon basis which outlines the work accomplished during the reporting period, work to be accomplished during the subsequent reporting period, problems which have arisen or may arise which should be brought to the attention of the City of Lansing's Project Director, and to request approval for significant deviation from previously agreed upon work plans. In addition, a summary of project costs for completed work, and expected costs for the remainder of the work will be included.

CONTRACT PAYMENT SCHEDULE

Payment for a contract entered into as a result of this request will be made monthly upon receipt of the consultant's billing statement and progress reports. The consultant's billing statement should include detailed information regarding person-hours expended by classification and by task, as well as information regarding such items as mileage, materials, and other non-overhead costs.

CANCELLATION

CANCELLATION OF CONTRACT by the City may be for; a) default by the contractor or; b) lack of further need for the service or commodity at the location names in the contract. Default is defined as the failure of the contractor to fulfill the obligations of his/her quotation, contract, or purchase order. In case of default by the contractor, the City may cancel the contract or purchase order immediately and procure the articles or services from other sources and hold the contractor responsible for any excess costs occasioned thereby. In the even the City no longer needs the service or commodity specified in the contract or purchase order due to program changes, changes in laws, rules or regulations, relocation of offices, or lack of funding, the city may cancel the contract or purchase order by giving the contractor written notice of such cancellation 30 days prior to the date of cancellation.

INDEPENDENT PRICE DETERMINATION

- A. By submission of a proposal, the offeror certifies and, in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:
 - 1. The prices in the proposal have been arrived at independently, without consultation, communication or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other offeror, or with any competitor; and
 - 2. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the offeror, and will not

knowingly be disclosed by the offeror prior to award directly or indirectly to any other offeror, or to any competitor; and

3. No attempt has been made or will be made by the offeror to entice any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.

B. Each person signing the proposal certifies either:

1. They are the person(s) in the offeror's organization responsible within the organization for the decision as to the prices being offered in the proposal, and that they have not participated and will not participate in any action contrary to "A-1, 2, and 3" above; or
2. They are not the person(s) in the offeror's organization responsible within that organization for the decision as to the prices being offered in the proposal, but that they have been authorized in writing to act as agent for the persons responsible for such decision in certifying that such persons have not participated and will not participate in any action contrary to "A, 1, 2, and 3" above, and as their agent does hereby so certify, and that they have not participated and will not participate in any action contrary to "A 1, 2 and 3" above.

C. A proposal will not be considered for award if the sense of the statement required in the Cost and Price Analysis portion of the proposal has been altered, so as to delete or modify "A 1 and 2" or "B", above. If "A 2" has been modified or deleted, the proposal will not be considered for award unless the offeror furnishes with the proposal a signed statement which sets forth in detail the circumstances of the disclosure and the Issuing Office determines that such disclosure was not made for the purpose of restricting competition.

INDEMNITY

Respondent shall be solely responsible for and shall indemnify, defend and hold harmless the City, its agents, officers and employees from and against any and all claims, suits, damages and losses, specifically including, but not limited to those for loss of use of property, for damage to any property, real or personal, for injury to or the death of any person including but not limited to employees and officers of the City and for all other liabilities whatsoever including related expenses and actual attorneys fees in any way sustained or alleged to have been sustained or indirectly, by reason of or in connection with:

1. The performance of the works by or any other activities of the Respondent, its employees or agents or officers including but not limited to the use of any equipment or material furnished by the Respondent; or
2. The presence of Respondent, its employees, agents or officers on the premises of the City; whether such claims, suits, damages, losses and liabilities are based upon or result in whole or in part from the active or passive negligence of the City, its employees, agents or officers or City's strict liability in tort, breach of warranty, breach of contract, duty to indemnify or any other basis or cause whatsoever whereby the City might be held liable; provided, however, that the foregoing shall not be construed to be an agreement to indemnify the City against liability for damages caused by or resulting from the sole negligence of the City, its agents, employees

or officials, under circumstances whereby said agreement would be in violation of Michigan Public Act 1966 No. 165, Section 1 (MCLA Section 691.991) if applicable. This provision shall extend beyond the terms of this Agreement

INSURANCE

The selected firm will be responsible for providing certificates of insurance to the City which prove the firm has not less than \$5,000,000 coverage for Personal Liability and Property Damage and proof of Worker's Compensation Insurance. The Personal Liability and Property Damage certificate shall name the City of Lansing as additionally insured and shall carry a twenty (20) day Notice of Cancellation. Proof of insurance, as stipulated above, shall be provided to the City within ten (10) working days of issuance by the City of an Award of Contract. When the City receives proof of insurance, if everything is in order, it will issue a "Notice to Proceed" to the consultant.

Automobile Liability insurance shall be provided and include:

1. Coverage that complies with the requirements of the Michigan No-Fault Law.
2. Coverage for Owned, Hired, and Non-owned vehicles.
3. Residual liability coverage with a combined single limit of at least \$5,000,000 for both Bodily Injury and Property Damage.

The consultant shall also provide proof of professional liability insurance which shall insure against acts which are in the nature of professional services performed by architects and engineers. If a contract is entered into, the consultant shall maintain such professional liability insurance during the life of the contract.

Professional Liability Coverage shall be provided in an amount not less than \$5,000,000 per occurrence. This coverage may be written on a claims-made basis.

FINANCIAL AUDIT SERVICES

INTRODUCTION

The City of Lansing, hereinafter referred to as "City", is requesting proposals from qualified firms of certified public accountants to perform an annual audit of its financial statements for the fiscal years ending 6/30/10 through 6/30/14. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards (1994), the provisions of the federal Single Audit Act of 1984 and all applicable U.S. Office of Management and Budget (OMB) circulars as well as the following additional requirements:

1. Provisions of state statutes applicable to finance, accounting and auditing.
2. Bulletins or regulations issued by supervisory officials of the state, e.g., a state auditor general.
3. The relevant ordinances of the City, including provisions relating to auditing.
4. The laws and other regulations governing the use of grants made by the federal government and the State of Michigan.

Proposals submitted will be evaluated by a three (3) member Audit Committee consisting of the Accounting Manager, Chief of Internal Audit and Director of Finance. During the evaluation process, the Audit Committee and the City reserve the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

It is the intention of the City to retain the auditor awarded the contract for the next five annual audits. However, the contract can be terminated by either party by written notification given at least 90 days prior to the next fiscal year end that is to be audited.

There is no expressed or implied obligation for the City to reimburse for any expenses incurred in preparing proposals in response to this request.

Firms submitting proposals are encouraged to consider subcontracting portions of the engagement to small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals. If this is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the City.

SCOPE OF SERVICES

The City is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2010, 2011, 2012, 2013, and 2014. These audits are to be performed in accordance with the provisions contained in this request for proposals.

- I. Auditor to express an opinion on the fair presentation of its governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the City's basic financial statements and its conformance with generally accepted accounting principles of the United States of America (GAAP), as well as the Government Accounting Office (GAO) *Government Auditing Standards*, issued by the Comptroller General of the United States.
- II. Auditor to express an opinion on the fair presentation of its non-major governmental, non-major enterprise, and fiduciary fund's presented as supplementary information in the accompanying combining and individual fund financial statements. The auditor is not required to audit the supplementary information of the CAFR; however, the audit firm is to provide an "in-relation-to" opinion on the combining and individual fund financial statements based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to express an opinion on the introductory section, Management's Discussion and Analysis (MD&A), or the statistical section of the CAFR.
- III. Provide the financial statements included in the financial section of the City's Comprehensive Annual Financial Report (CAFR).
- IV. Responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
- V. The audit of Federal grants (Single Audit) shall be conducted in accordance with auditing standards generally accepted in the United States; the *Government Auditing Standards*, issued by Comptroller General of the United States; and the Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments*. The audit firm shall express an "in-relation-to" opinion of the Schedule of Expenditures of Federal Awards within the Single Audit report.

The audit shall be performed in accordance with generally accepted auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Governmental Auditing Standards issued by the Comptroller General of the United States.

The City desires that the audit firm prepare draft and final CAFR and other reports and that those reports be reviewed by others in the audit firm for technical accuracy. The City also desires to have the audit firm make available to the City the final CAFR and reports in .pdf format.

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue the following:

A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.

A report on compliance and internal control over financial reporting based on an audit of the financial statements.

A report on compliance and internal control over compliance with requirements of laws, regulations, contracts, and grants that could have a direct and material effect on major federal programs.

The audit firm shall inform the City's audit committee, in writing, of each of the following:

- The auditor's responsibility under generally accepted auditing standards
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit
- Any additional disclosures required by Standard Audit Procedures

Separate reports are required for the following:

1. General City CAFR, including auditor report
2. Building Authority
3. Single Audit, including auditor report
4. TIFA
5. Brownfield
6. Lansing Economic Development Corporation
7. Tri-County Metro Narcotics Squad
8. Smart Zone

In any required report(s) on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report[s] on internal controls.

Any required report on compliance shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Audit Committee.

Special Considerations

- I. The City will send its CAFR to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. The City has received this certificate for the last thirty one years. It is anticipated that the auditor may be required to provide assistance to the City of Lansing to meet the requirements of that program.
- II. The City has determined that the United States Housing and Urban Development Agency will function as the oversight agency in accordance with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments.
- III. Any required schedule of federal financial assistance and related auditor's report, as well as any required reports on the internal controls and compliance are not to be included in the comprehensive annual financial report, but are to be issued separately.
- IV. The auditor will compile from City records the information necessary to comply with the reporting requirements of Sections C50 (Claims & Judgments) and C60 (Compensated Absences) of the GASB Codification of Governmental Accounting and Financial Reporting Standards.
- V. The auditor is expected to serve as an advisor for the purpose of implementing new or implemented GASB Statements.
- VI. The City has implemented all GASB Statements through number 52.
- VII. The City currently anticipates it will prepare one or more official statements in connection with the sale of debt securities, which will contain the general purpose financial statements and the auditor's report thereon. The audit firm will be expected to consent, in writing, to the use of the City's audited financial statements in the official statement if requested by the City, the City's financial advisor, and/or the underwriter. Any fees incurred by the audit firm in connection with the procedures undertaken to give its consent will be negotiated at such time.

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

1. The City
2. All granting agencies
3. U.S. General Accounting Office
4. Parties designated by the federal or state governments or by the City as part of an audit quality review process
5. Auditors of entities of which the City is a sub-recipient of grant funds

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

Please refer to the latest CAFR for the following information

1. Description of the Government - Background Information.
2. Federal and State Financial Assistance. Also see the City's most recent Single Audit Report.
3. Pension Plans. Actuarial services for these plans are provided by Gabriel, Roeder, Smith & Co.

Budgetary Basis of Accounting

The City prepares its budgets on a basis consistent with generally accepted accounting principles except for lease purchases within its governmental funds.

The City uses the following fund types and account groups in its financial reporting:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>	<u>Number With Legally Adopted Annual Budgets</u>
General fund	1	1
Special revenue funds	12	11
Debt service funds	5	0
Capital projects funds	7	0
Enterprise funds	6	0
Internal service funds	3	0
Permanent funds	2	0
Fiduciary funds	3	0

Component Units

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

The management of the City identified the following for inclusion as Discretely Presented Component Units in the City's financial statements:

1. Tax Increment Finance Authority
Current auditors - Rehmann Robson
Fiscal year end - June 30
2. Brownfield Redevelopment Authority
Current auditors - Rehmann Robson
Fiscal year end - June 30
3. Lansing Entertainment & Public Facilities Authority
Current auditors - Rehmann Robson
Fiscal year end - June 30
4. Lansing Regional Smartzone
Current auditors - Rehmann Robson
Fiscal year end - June 30

The management of the City identified the following for inclusion as Blended Component Units in the City's financial statements:

1. Building Authority
Current auditors - Rehmann Robson
Fiscal year end - June 30

The management of the City has determined that the following potential component units should not be included in the City's financial statements (see CAFR):

1. The Board of Water and Light
2. The City of Lansing Economic Development Corporation
3. The City of Lansing Hospital Finance Authority

Joint Ventures

The City of Lansing and County of Ingham Joint Building Authority is a joint venture with no equity interest. Note: disclosure is required in the City's financial report. The financial records for the Joint Building Authority are maintained by Ingham County.

Magnitude of Finance Operations

The Finance Department is headed by Gerald Ambrose, Director of Finance, and consists of 113 employees. The principal functions performed and the numbers of employees assigned to each are as follows:

<u>Function</u>	<u>Number of Employees</u>
Purchasing, Budget and Accounting	17
Tax Services	25
Information Technology	17
Property Management	23
Fleet Management	31

Computer Systems

The technical services for the City of Lansing are as follows:

An integrated network solution comprising of routers, switches, perimeter controls (such as firewalls), and monitoring devices (such as network scanners).

The financial system is Insight manufactured by Sungard Bi-Tech. It is currently being utilized for G/L, Budget, Payroll, and Purchasing. This program runs on a Sun Solaris failover cluster, supported by an RDBMS. Access to the financial system is permitted through three options – telnet, client/server software, and a web portal, running on Windows 2000 Servers (running Internet Information Systems 5).

Internal Audit Function

The City maintains an internal audit function. The internal audit function reports to the City Council and is staffed by one employee, Arnold Yerxa, Internal Auditor.

Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Thomas L Korkoske, Accounting Manager at (517) 483-4516. The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals. CAFR's are also available at:

http://www.lansingmi.gov/finance/forms_and_documents.jsp

Completion Dates

The auditor shall complete all fieldwork by October 31 and the audit reports are to be submitted to the Mayor and City Council by November 22.

Assistance to be provided to the auditor and report preparation

I. Finance Department and Clerical Assistance:
The Finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the auditor.

II. Computer and Communication Services (C&CS) Assistance

<u>Position</u>	<u>Hours</u>
Network Administrator	1.0
C&CS Financial System Administrator	4.0

The EDP personnel and hours listed above will include the provision of systems documentation and explanations. The auditor will be provided with a terminal and computer time on the City's Sun Solaris system, if needed. Such use is not to interfere with the normal operations of the Data Center.

City's Responsibilities:

- I. The staff of the City will prepare all statements and schedules for the auditor.
- II. Provide reasonable work space, desks and chairs
- III. Access to telephone lines and photocopying facilities.
- IV. Provide reports from the Fiscal Management System as needed by the auditors

Auditor's Responsibilities

- I. Long distance calls should be charged to the auditor's own phone account.
- Report preparation, editing and printing shall be the responsibility of the auditor.

QUALIFICATION AND PROPOSAL STATEMENT

The purpose of the Qualification and Proposal Statement section is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The responses should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

Pricing information should not be included in this response. Refer to the "Fee Section" for instructions on submitting the cost proposal.

Submit a title page entitled: External Auditing Services - City of Lansing; include the firm's name; the name, address and telephone number of the contact person; and the date of the response.

QUALIFICATION QUESTIONNAIRE

1. Firm Qualifications and Experience

Please provide the following information regarding your firm:

- I. Size of the firm
- II. Size of the firm's governmental audit staff
- III. Location of the office from which the work on this engagement is to be performed
- IV. Number and nature of the professional staff to be employed in this engagement on a full-time basis
- V. Number and nature of the staff to be so employed on a part-time basis

2. Joint Venture or Consortium:

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

3. Submit a copy of the most recent external quality control review report with a statement whether that quality control review included a review of specific government engagements.

4. Provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Similar Engagements with Other Government Entities: For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

6. Prior Engagements with the City: List separately all engagements within the last five years, ranked on the basis of total staff hours, for the City by type of engagement (i.e., audit, management advisory

services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Partner, Supervisory and Staff Qualifications and Experience:

- I. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement.
- II. Indicate whether each such person is registered or licensed to practice as a certified public accountant in the State of Michigan.
- III. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

8. Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

9. Given your firm's past experience, why are you uniquely qualified to serve the City of Lansing?

10. Independence from the City:

- I. Provide an affirmative statement that the firm is independent of the City as defined by the U.S. General Accounting Office's Government Auditing Standards (1994).
- II. The firm also should provide an affirmative statement that it is independent of all of the component units of the City as defined by those same standards.
- III. The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the City or any of its agencies or component units/agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.
- IV. In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement.

11. Include an affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in the State of Michigan.

PROPOSAL STATEMENT

1. Briefly describe your understanding of the work to be done.
2. State your commitment to perform the work within the time period and the proposal is a firm and irrevocable offer.

3. Specific Audit Approach

Describe the work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for qualifications and proposals. In developing the work plan, reference should be made to such sources of information as City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- I. Proposed segmentation of the engagement
 - II. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
 - III. Type and extent of analytical procedures to be used in the engagement
 - IV. Approach to be taken to gain and document an understanding of the City's internal control structure
 - V. Approach to be taken in determining laws and regulations that will be subject to audit test work
 - VI. Approach to be taken in drawing audit samples for purposes of tests of compliance
4. Identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.
 5. Include sample formats for required reports.
 6. The proposal should set forth a general work plan that includes proposed procedures to update the internal controls assessment narrative of the City.

Please specify how early in the audit process and how often drafts of the financial statements, either hard copy or electronic, would be made available to the City for review.

ADDITIONAL INFORMATION

The proposer must adhere to the principles and policies of equal employment opportunity as mandated by the City Affirmative Action Plan (reference City of Lansing Ordinance Section 206.21).

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

Payment: Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month.

The most recent General City audit report and CAFR are available upon request.

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed price quotations. Such costs should not be included in the proposal.

FEE PROPOSAL

Include four (4) copies of the "Fee Proposal" information as a separate and distinct part of your overall proposal and clearly marked "RFQP/10/100 Financial Auditing Services: Fees/Cost proposal" on the outside of a separate envelope enclosed with your separate "technical response".

The sealed price quotations should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City.
- c. A schedule of professional fees and expenses, presented in the format provided in page 2 that supports the total all-inclusive maximum price for the 2010 engagement. The price will cover all audit costs and out-of-pocket expenses.
- d. The total all-inclusive maximum price for subsequent years 2011 through 2014.
- e. The total all-inclusive price for 2010-2014 broken down by nature of the service to be provided, as presented in the format provided on page 3.
- f. A properly executed signature page as provided on page 5.
- g. It is the City's wish to have a separate quote broken out by audit year, of the following reports:
 1. Single Audit
 2. Tri-County Metro
 3. Tax Increment Finance Authority
 4. Brownfield Redevelopment Authority

5. Smart Zone
6. Lansing Economic Development Corporation

This information is required to support the reasonableness of your quotation. The data will be held in confidence and will not be revealed to or discussed with the competitors prior to signing a contract with the successful respondent.

Base Proposal:

The sealed price quotations should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The firms are to state an average hourly rate based on the total number of personnel that they deem necessary to complete the project. The firms are to establish the maximum number of hours necessary to complete the project. The proposal shall state the total cost of the project, not to exceed the average hourly rate times the maximum number of hours per year. In no circumstances is the City of Lansing to be billed in excess of actual hours worked.

Additional Services:

- I. Provide a separate price quote for the publication of financial statements for the Employee Retirement System and the Police/Fire Retirement System including a Board presentation of year end results for the Employee Retirement System.
- II. Provide a separate price quote for the "Keep Current" procedures and related consent for new debt issuances.

Rates for Additional Professional Services:

If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this RFQP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the sealed price quotations for the fiscal year under audit unless a specific fee proposal is requested for the additional service.

EVALUATION PROCEDURES

Audit Committee & Review of Proposals

Proposals submitted will be evaluated by a three (3) member Audit Committee consisting of the Accounting Manager, Director of Finance and Chief of Internal Audit.

Evaluation Criteria

Mandatory Elements:

- I. The audit firm is independent and licensed to practice in the State of Michigan.
- II. The firm has no conflict of interest with regard to any other work performed by the firm for the City.
- III. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- IV. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

Technical Quality:

- I. Expertise and Experience:
- II. The firm's past experience and performance on comparable government engagements.
- III. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
- IV. Audit Approach
- V. Adequacy of proposed staffing plan for various segments of the engagement
- VI. Capacity of firm in terms of number of employees and capability to provide the services requested.
- VII. Adequacy of analytical procedures
- VIII. Adequacy of audit plan for electronic data processing function

Price : Cost will not be the primary factor in the selection of an audit firm

Oral Presentations

During the evaluation process, the Audit Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide the firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

Final Selection

The City Council will select a firm based upon the recommendation of the Audit Committee.

COST PROPOSAL and AWARD

Detach and enclose in separate sealed envelope.

The undersigned having become thoroughly familiar with and understanding all the proposed documents incorporated herein, agrees to provide the services as specified herein for the total fee as stipulated below:

Please provide proposal costs for audit and financial statement services as described in the Audit Contract RFQP Specifications for the years ending June 30, 2010, 2011, 2012, 2013, and 2014. Include the hourly rates of audit team members as requested.

Schedule of Professional Fees and Expenses For The Audit and Financial Statement Services For Years Ending June 30, 2010 and Four Subsequent Years

2010 AUDIT AND FINANCIAL STATEMENT SERVICES

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisors	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (Specify)	_____	_____	_____	_____

Total All-Inclusive Maximum Price for the 2010 Services \$=====

SUBSEQUENT AUDIT AND FINANCIAL STATEMENT SERVICES

Total All-Inclusive Maximum Price for the 2011 Services _____

Total All-Inclusive Maximum Price for the 2012 Services _____

Total All-Inclusive Maximum Price for the 2013 Services _____

Total All-Inclusive Maximum Price for the 2014 Services _____

NOTE: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT AND FINANCIAL STATEMENT SERVICES
FOR THE 2010-2014 FINANCIAL STATEMENTS:
COMBINING SCHEDULE-ALL SERVICES DESCRIBED IN RFQP TASKS
AND SCOPE OF SERVICES.

Nature of Services to be Provided	<u>TOTAL PRICE BY AUDIT YEAR</u>				
	2010	2011	2012	2013	2014
1. Audit and CAFR Preparation	_____	_____	_____	_____	_____
2. Single Audit and Report	_____	_____	_____	_____	_____
3. TIFA Audit and Report	_____	_____	_____	_____	_____
4. Brownfield Audit and Report	_____	_____	_____	_____	_____
5. Smart Zone Audit and Report	_____	_____	_____	_____	_____
6. Tri-Co Metro Audit and Report	_____	_____	_____	_____	_____
7. Lansing EDC Audit and Report	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____

The Total above must equal the total all-inclusive maximum prices listed on page 2.

I hereby state that all of the information I have provided is true, accurate and complete. I hereby state that I have the authority to submit this proposal which will become a binding contract if accepted by the City of Lansing. I hereby state that I have not communicated with nor otherwise colluded with any other bidder, not have I made any agreement with nor offered/accepted anything of value to/from an official or employee of the City of Lansing that would tend to destroy or hinder free competition.

The firm's identification provided will be used by the City for purchase orders, payment and other contractual purposes. If the contractual relationship is with, or the payment made to, another firm, please provide a complete explanation on your letterhead and attach to your proposal. Please provide for accounts payable purposes:

Tax Identification Number (Federal ID): _____

Remittance Address: _____

I hereby state that I have read, understand and agree to be bound by all terms and conditions of this proposal document.

SIGNED: _____ NAME: _____

TITLE: _____ DATE: _____

FIRM NAME: _____

ADDRESS: _____
(STREET ADDRESS) (CITY) (STATE) (ZIP)

PHONE: _____ FAX NUMBER: _____

EMAIL ADDRESS: _____

QUALIFICATIONS QUESTIONNAIRE

Please answer the following questions completely. You are not required to submit answers on this form and additional information (brochures, illustrations, etc.) will be used in determining qualifications. If not using this form, please follow its format.

1. Firm Name: _____
2. Established: Year _____ State _____
3. Type of Organization:
 - a. Individual: _____
 - b. Partnership: _____
 - c. Corporation: _____
 - d. Other: _____
4. Former firm name(s) if any, and years(s) in business:
5. Home office business address and telephone number where work will be performed:
6. Branch office(s) if work will be performed there:

Company Name: _____

Signed: _____

Name: _____

Title: _____

Date: _____
Type or print

7. Personnel of firm who will be working on this project. Attach resumes of key personnel:

Name and Title	Specialty	Years Experience	Expected Role
----------------	-----------	------------------	---------------

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

8. Total personnel of firm:

a. Professional: _____ b. Non-professional: _____

Attach responses to the technical proposal qualifications questions as outlined in the Proposal Requirements.

I hereby certify that all of the information provided is true and answered to the best of my ability.

Company Name: _____

Signed: _____

Name: _____

Type or print

Title: _____

Date: _____