

County of Ottawa

PROFESSIONAL AUDITING SERVICES

**Request for Proposal (RFP)
07 - 11**



Distributed by:

**Ottawa County
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West Olive, MI 49460**

August 28, 2007

COUNTY OF OTTAWA
REQUEST FOR PROPOSALS
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COUNTY OF OTTAWA REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The County of Ottawa is soliciting proposals from qualified firms of certified public accountants to audit the financial statements for the following entities: Ottawa County, West Michigan Enforcement Team (WEMET), Ottawa County, Michigan Insurance Authority, Ottawa County Drain Commission, Ottawa County Central Dispatch Authority, Ottawa County Road Commission and Ottawa County Public Utilities with the option of auditing the financial statements for four subsequent fiscal years. These audits are to be performed in accordance with current generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) Government Auditing Standards, the provisions of the federal Single Audit Act amendments and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

There is no expressed or implied obligation for the County of Ottawa to reimburse responding firms any expenses incurred in preparing proposals in response to this request.

A preproposal conference for all the firms interested in submitting a proposal will be held at 1:30 p.m. on September 13, 2007 at 12220 Fillmore, West Olive to answer questions about the engagement. After this preproposal conference, any inquiries concerning the request for proposals should be addressed to June Hagan at 12220 Fillmore, Room 331, West Olive, and MI 49460.

To be considered, four copies of a proposal must be received by June Hagan 12220 Fillmore, Room 331, West Olive, MI 49460 by 4:00 p.m. on October 5, 2007. The County of Ottawa reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by a four member Audit Committee consisting of the County Administrator, Fiscal Services Director, Budget/Audit Manager and the Road Commission Finance Director.

During the evaluation process, the Audit Committee and the County of Ottawa reserve the right, where it may serve the County of Ottawa's best interest, to request additional information or clarifications from proposes, or to allow corrections of errors or omissions. At the discretion of the County of Ottawa or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The County of Ottawa 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 County of Ottawa and the firm selected.

It is anticipated the selection of a firm will be completed by October 23, 2007. Following the notification of the selected firm it is expected a contract will be executed between both parties by October 30, 2007.

B. Terms of Engagement

A five-year contract is contemplated, subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to both the County of Ottawa and the selected firm), the concurrence of the County of Ottawa and annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The County of Ottawa is soliciting the services of qualified firms of certified public accountants to audit its financial statements and several component units for the fiscal 6/30/07, 9/30/07, 12/31/07 and 3/31/07 with the option to audit the financial statement for each of the four subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

The County of Ottawa desires the auditor to audit the financial statements of the 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 basic financial statements of the County as of and for the year ended December 31, 2007. The Management's Discussion and Analysis accompanying the basic financial statements is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

Also, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards accompanying the basic financial statements will be subjected to the auditing procedures applied in the audit of the financial statements upon which the firm will provide an opinion in relation to the basic financial statements. The introductory section and statistical section accompanying the basic financial statements are not required subjected to the auditing procedures applied in the audit of the financial statements, and the auditor's report will disclaim an opinion.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental

Accounting Standard Board as mandated by generally accepted auditing standards.

The auditor is also to provide an “in-relation-to” report on the schedule of expenditure of federal awards based on the auditing procedure applied during the audit of the financial statements.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the current U.S. General Accounting Office’s Government Auditing Standards, the provisions of the Single Audit Act amendments and the provision of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

D. Reports to be Issued

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

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the County and each component unit.
2. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards.
3. An “in-relation-to” report on the schedule of expenditures of federal awards.
4. Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

The auditor shall communicate in a letter to management any significant deficiencies and material weaknesses according to the statements on auditing standards. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected.

Reportable conditions that are also material weaknesses shall be identified as such in the report. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a

material misstatement of the financial statements will not be prevented or detected.

Nonreportable 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.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the County Administrator and Fiscal Services Director.

Reporting to the audit committee. Auditors shall assure themselves that the County of Ottawa's audit committee is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

E. Special Considerations

1. The financial statements of the Ottawa County Road Commission, Ottawa County Public Utilities System, Ottawa County Drain Commission and the Ottawa County, Michigan Insurance Authority are included as component units of the financial statements of the County of Ottawa. It is anticipated that the auditor may be required to provide special assistance on the Component Unit audits.
2. The County of Ottawa will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to the County of Ottawa to meet the requirements of the program.
3. The County of Ottawa 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 maybe the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."
4. The County of Ottawa has determined that the U.S. Department of Environment Protection Agency will function as the cognizant agency in

accordance with the provisions of the Single Audit Act amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A- 133, Audits of States, Local Governments, and Non-Profit Organizations.

5. The schedule of expenditures of federal awards and related auditor's report, as well as the reports on compliance and on internal controls are not to be included in the comprehensive annual financial report, but are to be issued separately.
6. A list of findings and other weaknesses from the County of Ottawa's most recent financial statement audit are attached to this document (Appendix A).
7. Difficulties may occur in implementing and complying with the future reporting requirements mandated by the Government Accounting Standards Board (GASB). The County of Ottawa may require the auditor's assistance to comply with these and other reporting requirements.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the County of Ottawa 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:

- * County of Ottawa
- * Environmental Protection Agency (cognizant agency)
- * U.S. General Accounting Office (GAO)
- * Parties designated by the federal or state governments or by the County of Ottawa as part of an audit quality review process
- * Auditors of entities of which the County of Ottawa is a subrecipient of grant funds

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

III. DESCRIPTION OF THE GOVERNMENT

A. Contact Person/Organizational Chart

The auditor's principal contact with the County of Ottawa will be June Hagan, Fiscal Services Director, or a designated representative, who will coordinate the assistance to be provided by the County of Ottawa to the auditor.

An organizational chart (Appendix B) is attached.

B. Background Information

The County of Ottawa serves an area of 565 square miles with a current population of over 257,671. The County of Ottawa's fiscal year begins on January 1 and ends on December 31. However, several funds have a fiscal year end of September 30 including the Ottawa County Road Commission, Health and Mental Health. A few funds have a June 30 year-end and two funds have a March 31 year-end.

The County of Ottawa provides a full range of municipal services to its citizens which include: legislative, judicial, public works, public safety, health, welfare, recreation, capital improvement and general administration.

The County of Ottawa has a total payroll of over \$42,937,000 covering approximately 950 employees.

The County of Ottawa is organized into several departments and agencies. Accounting and financial reporting functions of the County of Ottawa are centralized.

More detailed information on the government and its finances can be found in the 2006 Comprehensive Annual Financial Report.

C. Fund Structure

The County of Ottawa 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	42	42
Debt Service Funds	1	1
Capital Projects Funds	1	1
Enterprise Funds	1	
Internal Service Funds	10	
Permanent Funds	1	
Pension Trust Funds	0	
OPEB Trust (effective 12/31/08)	1	
Agency Funds	4	
Discretely Presented Component Units	4	

D. Budgetary Basis of Accounting

The County of Ottawa prepares its budgets on a basis consistent with generally accepted accounting principles.

E. Federal and State Financial Assistance

During the fiscal year 12/31/06, the County of Ottawa received Federal financial assistance (Appendix C).

Similar financial assistance was received for the fiscal year to be audited.

F. Pension Plans & Other Post Employment Benefits (OPEB)

The County of Ottawa and the Ottawa County Road Commission all participate in the Michigan Municipal Employee Retirement System which is an agent multiple-employer public employee retirement system. Actuarial services for these plans are provided by The Segal Company. Actuarial services for OPEB are provided by Donlan & Associates.

G. Components

The County of Ottawa 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 County of Ottawa's financial statements.

The management of the County of Ottawa has identified the following component units for inclusion in the County of Ottawa's financial statements:

Ottawa County Road Commission

Accounts for the maintenance of highways, streets and state truck lines in the County.

Fiscal year-end September 30

Ottawa County Public Utilities

Accounts for resources to finance and construct water and sanitation systems and facilities.

Fiscal year-end December 31

Ottawa County Central Dispatch Authority

Administers public safety dispatching in Ottawa County

Fiscal year-end December 31

Ottawa County, Michigan Insurance Authority

Provides insurance coverage and risk management and related services to the County of Ottawa and the Ottawa County Building Authority.

Fiscal year-end December 31

Ottawa County Drain Commission

Administers the collections and expenditures related to construction and maintenance of drainage districts throughout the County.

Fiscal year-end December 31

Although not a component unit, the County of Ottawa also provides financial services to the West Michigan Enforcement Team (WEMET). WEMET provides public safety services, and its fiscal year end is September 30.

These component units and the West Michigan Enforcement Team may be audited along with the audit of the County of Ottawa's financial statements or may be audited by another firm. This will be determined after evaluation of the RFPs.

H. Joint Ventures

The County of Ottawa does not currently participate in joint ventures with other governments.

I. Magnitude of Finance Operations

The Fiscal Services Department is headed by June Hagan, Director and consists of 33 employees. The principal functions performed are the audit, budget payroll, accounts payable, accounts receivable, general ledger, and other financial analysis.

J. Computer System

See Appendix D for a listing of Ottawa County Computer Application Systems.

K. Internal Audit Function

The County of Ottawa does not maintain an internal audit function.

L. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact June Hagan, Fiscal Services Director at 12220 Fillmore, Room 331, West Olive, MI 49460. The County of Ottawa 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. Audits for 2002 – 2006 are available on the County website at miottawa.org.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposals issued	August 28, 2007
Due date for notification of interest	September 7, 2007
Preproposal conference	September 13, 2007, 1:30 p.m.
Due date for proposals	October 5, 2007

B. Notification and Contract Dates

Selected firm notified	October 23, 2007
Contract Date	October 30, 2007

C. Date Audit May Commence

The County of Ottawa will have all records ready for audit and all management personnel available to meet with the firm's personnel about March 31, 2008 or an agreed upon date by the Fiscal Services Director and the audit firm.

D. Schedule for the 2007 Fiscal Year Audit

(A similar schedule will be developed for audits of future fiscal years.) A separate schedule will be developed for the Ottawa County Road Commission and the West Michigan Enforcement Team (WEMET).

Each of the following shall be completed by the auditor no later than the dates indicated.

1. Interim Work

The auditor shall complete all interim work by date to be determined.

A physical inventory for the Ottawa County Road Commission will be done during the week of September 30th.

2. Detailed Audit Plan

The auditor shall provide the County of Ottawa by January 15, 2008 both a detailed audit plan and a list of all schedules to be prepared by the County of Ottawa.

3. Fieldwork

The auditor shall complete all fieldwork by approximately April 15, 2008.

4. Draft Reports

The auditor shall have drafts of the audit report(s) for component units and recommendations to management available for review by the Fiscal Services Director. The Fiscal Services Department shall draft the financial statements for the County of Ottawa by March 31, 2008. **Dates may change if the County fiscal year is changed.**

E. Entrance Conferences, Progress Reporting and Exit Conferences

(A similar time schedule will be developed for audits of future fiscal years.)

At a minimum, the following conferences should be held by the dates indicated on the schedule:

Entrance conference with Fiscal Services Director November, 2007

- * The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the auditor.

Progress conference with the Fiscal Services Director to be scheduled

- * The purpose of this meeting will be to summarize the results of the preliminary review and to identify the key internal controls or other matters to be tested. Also to discuss the year-end work to be performed.

Exit conference with the Fiscal Services Director June, 2008

- * The purpose of this meeting will be to summarize the results of the field work and to review significant findings.

F. Date Final Report is Due

The Fiscal Services Department shall prepare draft financial statements, notes and all required supplementary schedules and statistical data by approximately April 15, each year for the County's Comprehensive Annual Financial Report only. The County reserves the right to have the firm prepare the statements. The auditor shall provide all recommendations, revisions and suggestions for improvement to the Fiscal Services Director by approximately May 1, each year. A final draft report shall be completed by the Fiscal Services Department by approximately May 15, each year.

The auditor should be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed report shall be delivered to the Fiscal Services Director by approximately June 1, each year.

Approximate due dates for final reports of the component units are as follows:

	Draft	Final
Ottawa County Road Commission	2/15	2/28
Ottawa County Public Utilities	3/31	4/15
West Michigan Enforcement Team (WEMET)	2/15	2/28
Ottawa County, Michigan Insurance Authority	4/15	4/25
Ottawa County Drain Commission	3/31	4/15

The auditors will prepare the financial statements for WEMET, Ottawa County, Michigan Insurance Authority, Ottawa County Drain Commission, Ottawa County Road Commission, and Ottawa County Public Utilities. **In addition, the auditor will analyze the financial transactions during the year and close out the Ottawa County, Michigan Insurance Authority Fund's books.**

Number of copies of the final reports and other details to be worked out during the field work.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Fiscal Services Department and Clerical Assistance

The Fiscal Services 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 County of Ottawa. In addition, clerical support will be made available to the auditor for the preparation of routing letters and memoranda.

B. Information Technology (IT) Assistance

IT personnel will be available to assist the auditor in performing the engagement.

IT personnel will also be available to provide systems documentation and explanations

C. Statements and Schedules to be Prepared by the Staff of the County of Ottawa

The staff of the County of Ottawa will prepare the following statements and schedules for the auditor by the dates indicated:

<u>Statement or Schedule</u>	<u>Date</u>
Trial Balances of all funds	3/1/08 – 4/1/08
Analysis of all balance sheet Accounts for each trial balance	3/1/08 – 4/1/08

This list is not meant to be all inclusive. Other schedules to be prepared to assist auditors will be discussed during the audit.

D. Work Area, Telephone, Copy machine and FAX Machine

The County of Ottawa will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone, copy machine and a FAX machine as necessary.

E. Report Preparation

Report preparation, editing and printing shall be the responsibility of the Fiscal Services Department for the County of Ottawa audit only. All other audit reports shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Notification of Interest

Firms interested in submitting a proposal must submit by September 7, 2007 their "Notification of Interest" in the format attached to the letter transmitting this Request for Proposals.

2. Preproposal Conference

A conference for firms interested in submitting proposals will be held at 1:30 p.m., September 13, 2007 at 12220 Fillmore Street, West Olive, MI 49460. Both verbal and written questions will be accepted during the conference

All written documentation made available at the conference and a written summary of the questions and answers will be mailed to all parties who submit a "notice of interest" letter.

3. Inquires

Inquires concerning the request for proposals and the subject of the request for proposals must be made to:

June Hagan, Fiscal Services Director
12220 Fillmore, Room 331
West Olive, MI 49460
616.738.4849

4. Submission of Proposals

The following material is required to be received by October 5, 2007 for a

proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and 3 copies to include the following:

- i. Title Page

- Title page showing the request for proposals' subject; the firm's name; the name, address and telephone number of a contact person; and the date of the proposal.

- ii. Table of Contents

- iii. Transmittal Letter

- A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for a period of 60 days.

- iv. Detailed Proposal

- The detailed proposal should follow the order set forth in Section VI B of this request for proposals.

- v. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposals (Appendix E and Appendix F)

- b. The proposer shall submit an original and three copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID
PROPOSAL
FOR
COUNTY OF OTTAWA
FOR PROFESSIONAL AUDITING SERVICES
(DATE)

- c. Proposers should send the completed proposal consisting of the two separate envelope to the following address by 4:00 p.m. on October 5, 2007:

June Hagan, Fiscal Services Director
12220 Fillmore, Room 331
West Olive, MI 49460
616.738.4849

B. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the County of Ottawa 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 technical proposal 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.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COST INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENTS

The technical proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost bid). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the County of Ottawa as defined by generally accepted auditing standards.

The firm also should provide an affirmative statement that it is independent of all of the component units of the County of Ottawa as defined by those same standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the County of Ottawa or any of its agencies or component units 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.

In addition, the firm shall give the County of Ottawa written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Michigan

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Michigan.

4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

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.

The firm is also required to submit a copy of the report on its most recent external quality control peer review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also 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. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Michigan. The firm also should 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.

The firm should 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. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

The County of Ottawa is committed to prohibiting discrimination in employment on the basis of race, color, sex, age, religion, national origin, citizenship, height, weight, marital status, or handicap. These factors will not be improperly considered by The County in recruitment, examination, appointment, training, promotion, retention, salary determination, discipline, or any other conditions of employment.

Bidders and their subcontractors, as required by law, shall not discriminate against the employee or applicant for employment with the respect to hire,

tenure, terms, conditions or privileges of employment, or a matter directly relating to employment, because of race, color, religion, national origin, marital status, age, sex, height, weight, or disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Breach of this covenant may be regarded as a material breach of the Contract.

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 County of Ottawa. However, in either case, the County of Ottawa retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the County of Ottawa, 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.

6. 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 of 5) performed in the last five years that are similar to the engagement described in this request for proposals. 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.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section H of this request for proposals. In developing the work plan, reference should be made to such sources of information as the County of Ottawa'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:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- c. Sample sizes and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of EDP software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of the County of Ottawa's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work
- h. Approach to be taken in drawing audit samples for purposes of test of compliance

8. Identification of Anticipated Potential Audit Problems

The proposal should 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 County of Ottawa.

9. Report Format

The proposal should include sample formats for required reports.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

C. Sealed Dollar Cost Bid

1. Total Price and Hours Breakdown

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposals.

The County of Ottawa will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in 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 County of Ottawa

- c. Total price for each year with and without drafting the audit reports for each entity along with breakdown of hours for each entity included in appendices G thru R

2. Rates for Additional Professional Services

If it should become necessary for the County of Ottawa to request the auditor to render any additional services to either supplement the services requested in this request for proposals 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 County of Ottawa and the firm. Any such additional work agreed to between the County of Ottawa and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

3. Manner of 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.

VII. EVALUATION PROCEDURES

A. Audit Committee

Proposals submitted will be evaluated by a four member Audit Committee consisting of the County's Administrator, the County's Fiscal Services Director, the County's Budget/Audit Manager and the Road Commission Finance Director.

B. Review of Proposals

The Audit Committee will use a point formula during the review process to score proposals. Each member of the Audit Committee will first score each technical proposal by each of the criteria described in Section VII C below. The full Audit Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional

scores will be assigned to other proposers.

The County of Ottawa reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored. The following represent the principal selection criteria which will be considered during the evaluation process. The decisions and opinions of the audit committee regarding proposal evaluations are final and cannot be appealed.

1. Mandatory Elements

- b. The audit firm is independent and licensed to practice in Michigan
- c. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years
- d. The firm has no conflict of interest with regard to any other work performed by the firm for the County of Ottawa
- e. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work
- f. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal

2. Expertise and Experience (Maximum Points -35)

- (1) The firm's past experience and performance on comparable government engagements
- (2) 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

3. Audit Approach (Maximum Points – 25)

- (1) Adequacy of proposed staffing plan for various segments of the engagement
- (2) Adequacy of procedures and techniques to be applied

4. Price: (Maximum Points – 40)

D. Oral Presentations

During the evaluation process, the audit Committee may, at its discretion, require any or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal.

E. Final Selection

The County of Ottawa will select a firm based upon the recommendation of the Audit Committee.

It is anticipated that a firm will be selected by October 23, 2007. Following notification of the firm selected, it is expected a contract will be executed between both parties by October 30, 2007.

F. Right to Reject Proposals

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 County of Ottawa and the firm selected.

The County of Ottawa reserves the right without prejudice to reject any or all proposals.

APPENDIX A

FINDINGS FROM MOST RECENT EXTERNAL AUDIT

APPENDIX B

ORGANIZATIONAL CHART

APPENDIX C

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
AT 12/31/06

APPENDIX D

OTTAWA COUNTY COMPUTER APPLICATION SYSTEMS

APPENDIX E

PROPOSER GUARANTEES

- I. The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX F

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Michigan laws with respect to foreign (non-state of Michigan) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the County of Ottawa
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX G

COUNTY OF OTTAWA

SCHEDULE OF PROFESSIONAL FEES FOR THE AUDIT OF THE FINANCIAL STATEMENT

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total price for audit which includes drafting the Comprehensive Annual Financial Report (CAFR)	\$_____	\$_____	\$_____	\$_____	\$_____
Drafting the CAFR	\$_____	\$_____	\$_____	\$_____	\$_____
Net price for audit if client drafts CAFR	\$_____	\$_____	\$_____	\$_____	\$_____

Note: Client will have the option each year to draft the CAFR or pay the auditor to draft it.

	Hours
Partners	_____
Managers	_____
Supervisory Staff	_____
Other(specify):_____	_____

APPENDIX H

WEST MICHIGAN ENFORCEMENT TEAM (WEMET)

SCHEDULE OF PROFESSIONAL FEES FOR THE AUDIT OF THE FINANCIAL STATEMENT

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total price for audit which includes drafting the Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____
Drafting the Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____
Net price for audit if client drafts Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____

Note: Client will have the option each year to draft the Audit Report or pay the auditor to draft it.

	Hours
Partners	_____
Managers	_____
Supervisory Staff	_____
Other(specify):_____	_____

APPENDIX I

OTTAWA COUNTY, MICHIGAN INSURANCE AUTHORITY

SCHEDULE OF PROFESSIONAL FEES FOR THE AUDIT OF THE FINANCIAL STATEMENT

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total price for audit which includes drafting the Comprehensive Annual Financial Report (CAFR)	\$_____	\$_____	\$_____	\$_____	\$_____
Drafting the CAFR	\$_____	\$_____	\$_____	\$_____	\$_____
Net price for audit if client drafts CAFR	\$_____	\$_____	\$_____	\$_____	\$_____

Note: Client will have the option each year to draft the CAFR or pay the auditor to draft it.

	Hours
Partners	_____
Managers	_____
Supervisory Staff	_____
Other(specify):_____	_____

APPENDIX J

OTTAWA COUNTY DRAIN COMMISSION

SCHEDULE OF PROFESSIONAL FEES FOR THE AUDIT OF THE FINANCIAL STATEMENT

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total price for audit which includes drafting the Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____
Drafting the Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____
Net price for audit if client drafts Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____

Note: Client will have the option each year to draft the Audit Report or pay the auditor to draft it.

	Hours
Partners	_____
Managers	_____
Supervisory Staff	_____
Other(specify):_____	_____

APPENDIX K

OTTAWA COUNTY ROAD COMMISSION

SCHEDULE OF PROFESSIONAL FEES FOR THE AUDIT OF THE FINANCIAL STATEMENT

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total price for audit which includes drafting the Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____
Drafting the Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____
Net price for audit if client drafts Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____

Note: Client will have the option each year to draft the Audit Report or pay the auditor to draft it.

	Hours
Partners	_____
Managers	_____
Supervisory Staff	_____
Other(specify):_____	_____

APPENDIX L

OTTAWA COUNTY PUBLIC UTILITIES

SCHEDULE OF PROFESSIONAL FEES FOR THE AUDIT OF THE FINANCIAL STATEMENT

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total price for audit which includes drafting the Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____
Drafting the Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____
Net price for audit if client drafts Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____

Note: Client will have the option each year to draft the Audit Report or pay the auditor to draft it.

	Hours
Partners	_____
Managers	_____
Supervisory Staff	_____
Other(specify):_____	_____

APPENDIX M

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY

SCHEDULE OF PROFESSIONAL FEES FOR THE AUDIT OF THE FINANCIAL STATEMENT

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total price for audit which includes drafting the Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____
Drafting the Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____
Net price for audit if client drafts Audit Report	\$_____	\$_____	\$_____	\$_____	\$_____

Note: Client will have the option each year to draft the Audit Report or pay the auditor to draft it.

	Hours
Partners	_____
Managers	_____
Supervisory Staff	_____
Other(specify):_____	_____

APPENDIX N

The Ottawa County 12/31/06 CAFR may be accessed at the following State web site:
http://www.michigan.gov/treasury/0,1607,7-121-1751_31038_36951-145309--,00.html

APPENDIX O

WEST MICHIGAN ENFORCEMENT TEAM (WEMET) 12/31/06 Audit Report may be
accessed at the following State web site:

http://www.michigan.gov/treasury/0,1607,7-121-1751_31038_36951-145309--,00.html

APPENDIX P

Ottawa County, Michigan Insurance Authority 12/31/06 Comprehensive Annual Financial
Report may be accessed at the following State web site:
http://www.michigan.gov/treasury/0,1607,7-121-1751_31038_36951-145309--,00.html

APPENDIX Q

Ottawa County Drain Commission 12/31/07 Audit Report may be accessed at accessed at the following State web site:

http://www.michigan.gov/treasury/0,1607,7-121-1751_31038_36951-145309--,00.html

APPENDIX R

Ottawa County Road Commission 09/30/06 Audit Report may be accessed at
the following State web site:
http://www.michigan.gov/treasury/0,1607,7-121-1751_31038_36951-145309--,00.html

APPENDIX S

Ottawa County Central Dispatch Authority 12/31/06 Audit Report may be accessed at
the following State web site:
http://www.michigan.gov/treasury/0,1607,7-121-1751_31038_36951-145309--,00.html

APPENDIX T

Ottawa County Public Utilities 12/31/06 Audit Report may be accessed at
the following State web site:
http://www.michigan.gov/treasury/0,1607,7-121-1751_31038_36951-145309--,00.html

June Hagan
Fiscal Services Director
12220 Fillmore, Room 331
West Olive, MI 49417

NOTIFICATION OF INTEREST

Dear Ms. Hagan:

Our firm is interested in submitting a proposal to audit the County of Ottawa's financial statements and its component units for the fiscal year ending 12/31/07. Our firm is additionally interested in auditing the financial statements for four subsequent fiscal years, as set forth in the request for proposals (RFP) dated August 27, 2007.

We plan to have _____representative(s) attend a preproposal conference to be held September 13^h at 1:30 p.m. in the Ottawa County Building, West Olive, MI.

Yours very truly,