

REQUEST FOR PROPOSALS FOR AUDIT SERVICES

The City of Port Orford invites you to submit a proposal for audit services for a three-year period beginning with the audit of the year ending June 30, 2017 through audit of the year ending June 30, 2019. Proposals must address all items listed in this request for proposals (RFP).

General Submission Requirements

1. The proposal should be in two separate and distinct sections. The first section should be the "Technical Section" which offers all requested information except for price. This technical section response should contain information in the same order as requested in the RFP which will aid the City in comparing one firm's proposal to another. Three copies of this "Technical Section" proposal shall be required. The second section "BID" should be in a separate sealed envelope to be opened only after the "Technical Section" is evaluated. Three copies of the "BID" is also required. The separation of the proposal response into two separate sections is intended to assist the City in conducting a comprehensive and objective evaluation of the proposal. The proposals shall not be opened until after the final submission date and hour noted below. Submissions shall become the property of the City of Port Orford without obligation.

The City will not pay for any cost incurred by proposers in the preparation, submission and presentation of their proposals.

2. Proposals must be received no later than 2:00 PM on Tuesday, April 7, 2017. Proposals will be opened by a three member selection committee, including the Mayor, City Recorder/Administrator, and the Finance Director at that time. Once opened, proposals will be filed for public inspection.
3. Please submit proposals in an envelope marked "Audit Services Proposal" to:

David Johnson, Finance Director
City of Port Orford
555 W 20th Street
P.O. Box 310
Port Orford, OR. 97465

4. In order to be considered for award, each proposal must include the following items:
 - A) A cover sheet indicating an interest in proposing for audit services to be provided to the City of Port Orford, and reflecting the proposer's intent to comply with all terms, conditions, and specifications set forth in the solicitation, signed by an authorized officer of the proposing firm.
 - B) A signed attestation form, which is set forth on page nine (9) of the solicitation document, providing written assurances of the proposer's ability to meet the required criteria for selection.

- C) A list of references for similar audit services provided for similar clients. References should include any municipal governments provided services in the last five years.
 - D) A copy of any standard Audit Services contract used by the firm.
 - E) The information to be provided by proposers as set forth on pages five (5) and six (6).
5. If any person contemplating submitting a proposal for the contract has a question concerning any provision of the proposal documents, the question should be submitted to the Finance Director at 541-366-4564 or email djohnson@portorford.org. The person submitting the request will be responsible for its prompt delivery. Oral interpretations or statements cannot modify the provisions of the proposal documents. Any interpretation of the proposal documents will be made only by a written addendum, duly issued and a copy of the addendum will be mailed or delivered to each person receiving a set of proposal documents from the City. Receipt of an addendum must be acknowledged by signing and returning a copy of the addendum with the proposal.

Withdrawal of Proposals

After the scheduled closing time for the receipt of proposals and before acceptance of a proposal, no proposer will be permitted to withdraw the proposal unless said acceptance is delayed for a period exceeding thirty (30) days. Any proposals received after the scheduled closing time shall be returned to the proposers. Withdrawal of a proposal shall not disqualify the proposer from submitting another proposal provided the time for receipt of proposals has not expired. Any request for withdrawal of a proposal shall be executed and signed by an authorized agent of the proposer.

Audit Objectives and Scope of Services

The primary requirements will be (1) an examination in accordance with generally accepted auditing standards of the financial statements and supplemental schedules for all funds included in the City's Audited Annual Financial Report, all GASB and/or FASB pronouncements to be applicable; (2) an examination in accordance with the laws of Oregon and the Single Audit Act Amendments of 1996 and OMB Circular A-133; and (3) prepare and file State documents and include the associated costs in the bid amount.

Year-end fund account combinations and combined financial statements shall be the responsibility of the auditing firm and the cost of preparing such financial statements shall be included in the audit fee. The audit firm shall also produce GAAP-based financial statements for each individual fund.

The City staff will complete and balance all accounts at year-end, and will furnish the following information and work-papers in conjunction with the audit engagement:

1. Monthly expenditure and revenue reports with year-to-date totals summarizing all transactions for each line item within each fund; a year-to-date general ledger detailing all transactions for each fund. Detail by source of transactions for each line item is available

electronically through the data processing system. Also, a working trial balance will be provided in hard copy at the request of the audit firm.

2. Bank reconciliations for all bank and investment accounts of the City.
3. Reconciled record of all balance sheet accounts as well as interest income, utility billing, payroll, accounts payable/receivable, schedules of debt, notes receivable, tax receivable, transfers, grants, and inter-fund liabilities as of June 30 of each fiscal year.
4. List of fixed assets added/deleted and reconciled for GAAP accounting purposes.

The City will provide the individual fund statements of revenues and expenditures on the non-GAAP budgetary basis (modified accrual).

Any unusual conditions encountered during the course of the audit where services of the auditing firm must be extended beyond the normal work anticipated will require written notification to the Finance Director, who will respond in writing concerning the additional services. In addition, the firm may be asked to examine other reports or perform other services as required. Fees for such additional services will be negotiated in advance.

All funds and accounts of the City are to be covered by the audit examination. The audit shall lead to the expression of an unqualified opinion on the financial statements, unless the auditor justifies to the City in advance, in writing, the reasons for an opinion that is less than unqualified.

All working papers beyond those prepared by the City in the normal process of fiscal closing will be the responsibility of the Auditor. The Auditor will annually provide the City with copies (electronic is acceptable) of final work papers prior to final payment. As much as possible, all work of the City staff and the sharing of work papers and documents will be provided and shared electronically.

The Auditor shall advise on the interpretation of, and assist with implementation with the application of applicable GASB standards.

Recommendations based upon the auditing firm's review of the adequacy of internal accounting controls and other audit investigations will be made part of a formal management report separate from the audit. Such associated costs will be included in the audit fee. The discussion of these recommendations will be with the Finance Director. The auditor shall assist management in advice and counsel in implementing those recommendations as required.

An exit conference is required of the auditing firm on completion of all fieldwork as to inform the Finance Director and City Administrator of pertinent findings. Formal report presentation by the auditing firm will be required before the City Council upon completion of the final report.

Single Audit

The City is not normally subject to the additional audit requirements of the Uniform Single Audit Act, and OMB circular A-133. Should the City fall under this requirement the Auditor would be expected to prepare and deliver its opinion on the single audit in conjunction with delivery of the Financial Statements. Fees for such additional services will be negotiated in advance.

Periods to Audit

1. The proposal is for three (3) years with separate audits each year. The periods to be audited are the fiscal years ending June 30, 2017, 2018, and 2019.
2. It is the intent of the City of Port Orford to negotiate a three (3) year contract with the second and third year contingent upon successful completion of the first year of the contract as determined by the City.
3. If the contract is satisfactorily carried through for three (3) years, the engagement may be renewed for another two (2) years at the option of the City.

Auditing Procedures

The audit examination shall be made in accordance with generally accepted governmental procedures as prescribed in the AICPA Industry Audit Guide – Audits of State and Local Governmental Units. The auditing firm will be required to review the audit program with the Finance Director prior to the beginning of any work.

Contract Termination

Either party may cancel the written contract by giving notice, in writing, to the other party at least ninety (90) days prior to July 1 of each year.

Use of Audit Reports

Ownership shall belong to the City of Port Orford and it is expressly understood that publication of the audit report (in whole or in part) or reference to such audit report shall be at the sole discretion of the City of Port Orford.

INFORMATION TO BE PROVIDED BY PROPOSERS

Your proposal should provide the following information for consideration by the City:

1. Describe how you would approach the audit, including the manner in which you intend to use computer-assisted auditing procedures, statistical sampling techniques and specialized governmental audit programs.
2. Describe the procedures followed in the technical review of audit reports prior to their issuance by qualified personnel independent of the audit engagement personnel.
3. Identify the local office partners, manager and key staff members who would be assigned to the audit. Describe their roles and provide a brief description of their professional experience, including experience in governmental auditing.
4. Explain how you would propose to use city personnel, if at all, to assist you during the audit, and indicate the approximate time requirement.
5. Describe your firm's personnel development program and your continuing professional educational requirements. Identify specialized programs in the area of municipal accounting and auditing. Comment on your firm's participation in peer review programs.
6. Describe the experience and knowledge which your firm and local office have in performing examinations in accordance with the provisions of the Single Audit Act.
7. Describe your firm's capability and experience in providing management consulting services to local government units, and identify your local office consultants who would provide such services.
8. Comment on your firm's ability to provide constructive suggestions for improving the City's internal accounting controls and administrative procedures.
9. Identify your firm's current municipal auditing engagements and indicate which accounts have been served within the last five years.
10. Estimate the hours associated with your primary requirement to perform an examination of the financial statements and supplemental information for all funds included in the City's Audited Annual Financial Report, and your requirement to perform an examination in accordance with the Single Audit Act for the year ending June 30, 2016. Also estimate the percentage of this work that will be performed on-site.
11. Describe the method you would use in charging for any special request, reports or broadening of the scope – i.e., how such a request would be handled, rates, etc.

12. Submit two samples of management reports that you have lately issued covering an audit, preferably of an Oregon municipality, which has similar services and is of comparative size with the City of Port Orford.
13. Identify if your firm has received any complaints or disciplinary action by the Oregon State Board of Accountancy or Oregon Secretary of State, Audits Division. If so, please provide detail and outcome.
14. Identify your firm's knowledge and proficiency reflecting the ability of add/modify requirements of past and future GASB requirements to the financial statements of the City.
15. A copy of the audit firm's latest peer review letter.
16. Provide any other information that you believe will assist the City in making its selection.

Fee

As required in the General Submission Requirements section paragraph one the "BID" is to be in a separate sealed envelope. The City requires the bid to have an estimate of the maximum fee associated with your examination and a projection of a maximum annual percentage of increase that can be expected for the next four fiscal years. Indicate the method to be used each year to adjust the audit fee. Include your firm's billing rates for all applicable classifications of professional personnel, as the city may require additional billable services. State whether your fees include travel and out-of-pocket expenses, or whether such costs are billed separately.

Also indicate the fee/cost that your firm will charge the City for the preparation of the Single \Audit report required under OMB Circular A-133 listed separately.

Evaluation Criteria

Evaluation consideration will include the following:

1. The overall audit approach of the firm. Is the approach sufficiently thorough, original and sufficiently comprehensive to reflect a clear understanding of the City's auditing needs? Are the time estimates to perform each section clearly identified?
2. Qualification of supervision staff assigned to the audit including the on-site supervisor. Information provided for each staff person should summarize educational background, position held in firm, years of experience in governmental auditing, and certification to perform municipal audits.
3. Prior governmental auditing experience of the firm. The City reserves the right to request information from the Secretary of State and/or the State Board of Accountancy relating to proposers.

4. Expertise outside the traditional financial audit function (i.e., performance auditing, rate structure development, etc.).
5. Quality of references furnished by the proposer.
6. Cost, although a significant factor, will not be the sole factor upon which the award is based. Cost may become important in the event other evaluation criteria appear to indicate that potential proposers are ranked relatively equal.

Award / Rejection

The award of the contract will be made to the proposer whose proposal is, in the opinion of the City Council or its designee, in the best interest of the City, price and other factors considered. The City reserves the right to reject all proposals or to reject any proposal not in accordance with this solicitation.

When an item that is proposed is not the same as the item specified in the RFP documents, the City shall determine whether or not the proposed item shall be considered to be an approved equal. If the item is not determined to be an approved equal, the proposal shall be rejected. This determination shall be made prior to the award of the proposal.

An evaluation committee consisting of the Mayor, City Recorder/Administrator, and Finance Director will be responsible for initially reviewing the competing proposals, based upon the criteria set forth in this Request for Proposals. A selection may be made directly from the proposals submitted, or the City may conduct interviews with potential finalists for the award of the contract. The committee will select the proposal determined to be in the best interest of the City, and the committee's recommendation will be forwarded to the City Council for final approval and awarding of the contract.

Exceptions to and Comments upon Specifications

Any exceptions to the specifications of this RFP must be clearly identified in writing in the proposal, and referenced in the cover sheet.

Any proposer who believes any of the proposed specifications may limit competition among potential proposers, must submit written comments or objections on the proposed specifications to the office of the City Clerk at P.O Box 310, 555 W 20th Street, Port Orford, OR. 97465. The comments must specify why the proposed specification limits competition, and must be received no later than five (5) calendar days before the date when the proposals will be publicly opened and read aloud.

General Overview of the City

The City of Port Orford is a municipal corporation, incorporated in 1935, and chartered by and operated under the laws of the State of Oregon. The governing body consists of seven elected officials (six Council members and the Mayor) and three appointed officials, the City Recorder/Administrator, and the City Attorney, who are charged with overseeing all operations of the City, and the Municipal Court Judge. Administrative offices and all records are located at 555 W 20th Street, Port Orford, Oregon 97465. The current population of the City is 1,135.

The accounting system is maintained on a Microsoft Windows NT Network using TYLER financial software programs. The accounting and financial reporting of the governmental funds is on the modified accrual basis of accounting while the accounting and financial reporting of the proprietary funds is on the full accrual basis. The City follows the prescribed procedures of the State of Oregon in the preparation and adoption of the City's annual budget which is on the modified accrual basis. The total budget for 2016-17 fiscal year is 3.26 million dollars.

The 11 funds to be audited are as follow:

Governmental Funds (4)

- General Fund (which has 4 departments)
- Parks Fund
- Public Safety Fund
- Special Revenue Fund (State Tax Street Fund)

Proprietary Funds (7)

- 2 Enterprise Funds (Water and Sewer)
- 5 Capital Reserve Funds (Water and Sewer SDC, Water and Sewer Capital Improvement, and a Equipment Replacement Fund)

AUTHORIZED SIGNATURES AND ATTESTATION

I, the undersigned, an authorized representative of _____
_____, whose address is: _____

Have read and thoroughly understand the specifications, instructions and all other conditions of the Request for Proposal issued by the City of Port Orford for Audit Services for fiscal years ended June 30, 2017, 2018, and 2019.

Acting on the behalf of my firm, which is listed above, I do attest that the services offered by us meet the City of Port Orford specifications in every respect, (check one) _____ without exceptions or _____ with exceptions.

We therefore offer and make this proposal to furnish to the City of Port Orford the audit services detailed in our proposal at the prices indicated.

Firm Name: _____

Date: _____

Signature: _____

Printed Name: _____

Title: _____