



REQUEST FOR PROPOSAL – AUDITING SERVICES

November 2017

**CITY OF COOS BAY
Finance Department
500 Central Avenue
Coos Bay, Oregon 97420**

**CITY OF COOS BAY
REQUEST FOR PROPOSAL – AUDITING SERVICES**

The City of Coos Bay (City), City of Coos Bay Urban Renewal Agency (URA), and Coos Bay North Bend Visitor Convention Bureau (VCB) are accepting informal proposals from qualified, interested certified public accounting firms to provide auditing services for fiscal year ending June 30, 2018. The City's Fiscal Year 2017-2018 total budget is \$76,112,404; URA \$8,239,344; and VCB \$884,468; there are approximately 114 employees with payroll and benefits totaling approximately \$12.4 million. Financial software utilized for all entities is Caselle governmental finance software and programs. Adopted budgets and audits are available on the City's website, <http://coosbay.org/departments/finance>.

The term of the first contract is proposed to be for a three year period with an option to extend for additional one year renewals, limited to three years. Each year will require a separate engagement letter for each entity. The VCB has alternated a review with an audit every other year. The proposal will include separate audits each year for the City, URA, and VCB beginning with fiscal year ending June 30, 2018.

SUBMISSION OF PROPOSAL PACKAGE

To receive consideration, proposals must be submitted in accordance with the following instructions:

1. Submit proposal by 3:00 p.m., December 7, 2017 at 3:00 p.m. to sbaker@coosbay.org.
2. If you have any questions, please contact Susanne Baker at (541) 269-1181 ext 2244 or email sbaker@coosbay.org.
3. The City and respective entities reserve the right to reject any and all proposals, and has the right, at its sole discretion, to accept the proposal it considers most favorable to each entity's interest and the right to waive minor irregularities in procedure.

GENERAL INSTRUCTIONS

The City, URA, and VCB invite qualified individuals or firms to submit an informal proposal to provide auditing services as described in the specifications set forth. All proposals are subject to the provisions and requirements of the City of Coos Bay Rules of Local Contract Review, Oregon Revised Statutes, and the Attorney General's Model Public Contract Rules.

PROPOSAL REQUIREMENTS

The Proposal must not exceed ten pages and shall include the following:

1. **Cover Letter.** All Proposals must include a cover letter signed by a person legally authorized to bind the applicant to its Proposal. At a minimum, the cover letter must include the following items:
 - a. The name of the proposal's firm, firm address, telephone number, name of contact person, and the date.
 - b. The names of partners/principals and the number of personnel, and if they are local.
 - c. Contact information, including an email address, of the person(s) who are authorized to represent the proposer.

2. **Personnel.** All Proposals must include the following information related to key personnel who will be working on this project.
 - a. Provide a list of partners, managers and other key staff who will be assigned to the engagement. Provide resumes and indicate their experience in auditing municipalities; and notate who is on the Oregon Municipal Auditor roster.
3. **References.** All Proposals must include the following information related to references and qualifications relative to the scope of work associated with this Proposal.
 - a. Name five Oregon local municipal jurisdictions similar in size to Coos Bay that your firm presently audits.
 - b. Submit one sample of the latest audit report, management letter and/or council communication letter of a municipality in the State of Oregon audited by your firm, from (a) above.
 - c. The City reserves the right to investigate references and the past performance of any Proposer with respect to its successful performance of similar projects, compliance with specifications and contractual obligations, its completion or delivery of a project on schedule and its lawful payment of employees and workers.
4. **Peer Review Report.** Include a copy of the firm's most recent AICPA peer review report.
5. **Audit Approach and Proposal.** All Proposals must include the following information.
 - a. Describe how you would propose to use City staff, if at all, to assist you during the audit and indicate the approximate time requirement.
 - b. Description of the audit approach.
 - c. Use of statistical sampling.
 - d. The firm's knowledge and use of computer and programs to assist in the audit process.
 - e. Describe how the firm utilizes electronic audit software and experience with remote auditing; and how often this is used.
 - f. Describe the organization of audit team that will be assigned to the field work. Outline a work plan with an approximate percentage of time spent on each significant segment of the audit.
 - g. Describe the policy on staff rotation the first year and each subsequent year thereafter.
 - h. Demonstrate the firm's ability to meet the audit timeline as proposed.
 - i. Describe the firm's focus on dedicating a team of staff to act solely as an audit team.
 - j. The use and experience of the firm's FTP site for uploading audit documents and the firm's ability to conduct an audit using remote access to the City's financial software.
6. **Audit Fee.** Include an all-inclusive fee that your firm will charge each entity separately (City, URA, and VCB) for the fiscal year ending June 30, 2018. Indicate the fee(s)/cost(s)

that your firm will charge for special requests, special reports, and a fee if required to perform a single audit.

BACKGROUND AND SCOPE OF WORK

Minimum Qualification (Proposer must meet the following minimum requirements):

1. Experience in providing auditing services to municipal clients and if the firm has an audit team solely dedicated to conduct municipal audits.
2. Participation in an AICPA-sponsored or comparable quality control programs.
3. Partners of the firm and senior members who will be performing the audit on-site must be licensed by the Oregon State Board of Accountancy as Certified Public Accountants.
4. Partners of the firm and senior members who will be performing the audit on-site must have a membership in the AICPA.
5. Partners in the firm and senior members must hold membership in the Oregon Society of CPAs.
6. Registration of the partners in the firm and senior members on the Oregon Municipal Auditor roster.
7. Efficient use of electronic audit software to conduct the audit effectively and accurately.
8. Demonstrated ability to use and embrace new technology to conduct audits to be more efficient with the firm's staff and resulting in a cost savings for the City.

EVALUATION CRITERIA

Proposals will be evaluated using a predetermined method to ascertain which proposal best meets the needs of each entity. It is possible that proposals may be so similar in quality that oral interview and/or presentations may have to be arranged to assist the City in making the final selection. Evaluation considerations will include the following:

1. Understanding of the Engagement:
 - a. Ability of firm to provide constructive recommendations.
 - b. Ability to conduct the audit using electronic processes, including software, FTP, and remote access.
2. Experience with Municipal Engagement:
 - a. The firm's municipal auditing experience and expertise.
3. Staffing:
 - a. Municipal auditing experience and expertise of the proposed audit team.
 - b. Philosophy concerning staffing for first and subsequent years.
 - c. The firm's ability to provide consulting services.
 - d. Dedication of an audit team.
4. Approach to the Examination:
 - a. Description of audit approach.
 - b. The audit approach, work plan, and the ability to meet our schedule.

- c. Estimate number of hours to be devoted to the engagement.
5. Technology:
- a. The firm's knowledge, experience, and use of computers, software, FTP, remote access protocols, and programs to conduct the audit.
 - b. Evidence the firm embraces new technology.
6. Fees:
- a. Proposed audit fee
 - b. Fee(s)/cost(s) for services beyond the scope of the audit listed by task (i.e. single audit, special reports).

SCOPE OF WORK

The successful proposer shall provide the City with a scope, engagement letter, and schedule for approval prior to commencing on work. The successful proposer must demonstrate that they can effectively communicate with City Staff and provide auditing services that satisfy the scope. The successful proposer must also show that the project deliverables can be provided on time and within budget. The following is a list of anticipated tasks that will be conducted by the successful proposer:

1. The auditor shall apply industry standards for auditing as prescribed in the AICPA industry audit guide – Audits of State and Local Government Units, and GAAFR; i.e., NCGA, GAAP, and GASB. The firm shall express an opinion on (a) whether the financial statements of each entity fairly present the financial position and financial results of financial operations in conformity with generally accepted accounting principles (GAAP) and (b) whether each entity has complied with laws and regulations that may have a material effect on the audited financial statements. A minimum standard for audits of Oregon Municipal Corporations, adopted by the Secretary of State and approved by the State Board of Accountancy shall govern the audit.
2. The firm shall be required to review the approach to the examination, with the Finance Director, prior to the beginning any work. An exit conference is required of the auditing firm on completion of all field work to inform the City Manager and Finance Director of pertinent findings. The Auditor will present the final audit to the corresponding governing board.
3. In the event that the City requires a single audit, the audit will be conducted in accordance with generally accepted government auditing standards (GAGAS), Standards for Audit of Governmental Organization, Programs, Activities, and Functions, (the Yellow Book), issued by the Comptroller General, US General Accounting Office; the Uniform Single Audit Act of 1984; OMB circular A-133, and Audits of State and Local Governments.
4. The auditing firm is expected to provide a summary of any audit adjusting entries and a final trial balance upon completion of the field work.

5. Any unusual conditions encountered during the course of the audit, where services of the auditing firm must be extended beyond the normative work anticipated, will require written notification to the Finance Director. The Finance Director will then respond in writing concerning the additional services.
6. As part of the overall audit contract and included in the fee for the City audit, the City expects to receive from the audit firm a variety of technical assistance throughout the fiscal year. This would include assistance with the implementation of GASB statements as well as assistance in other accounting, reporting, budgeting, or internal control questions.
7. Included in the fee shall be the cost of producing and printing three (3) bound copies of the audit report and an electronic version for the City of Coos Bay and Urban Renewal Agency, respectively; and (5) bound copies of the audit report and an electronic version for the Coos Bay North Bend Visitors Convention Bureau.
8. Sixty days prior to the audit, a pre audit checklist of items to be reviewed during the audit will be provided to City staff. These items will be scanned and sent electronically to the auditor before the audit with those items too cumbersome to scan, to be reviewed on site until the City completes the final steps to move to an entirely electronic audit.
9. The annual financial report will be used as a single document which will contain the basic financial statements, notes to the financial statements, and all other supplementary schedules that are required to be included. All financial reports are to be compiled by the auditor.

Resources to Be Provided: The City will furnish the following information and work papers for the auditors review in conjunction with the audit engagement:

1. Summary and detailed trial balances for all funds subject to the audit proposal.
2. Bank reconciliations for all bank/LGIP accounts that are subject to this audit.
3. Detailed reconciling records or lists of investments, interest income, payroll, accounts payable, accounts receivable, and inter-fund liabilities as of June 30 each year.
4. Subsidiary work papers, including grants and loans and associated project tracking.

GENERAL INFORMATION

Interviews: Proposers *may* be invited to an interview with the City's Selection Committee. Selected firms will be contacted regarding time and location of an interview.

Compliance with Rules: Proposers responding must follow its procedures and requirements. Except as otherwise provided, applicable provisions of Oregon Administrative Rules Chapter 137, Division 47 shall apply to all personal service contracts of the City. Failure to comply with or complete any part may result in rejection of your Proposal.

Request for Additional Information: Proposers may submit questions or a request for additional information. All questions and/or requests must be submitted by email:

City of Coos Bay
Finance Department
Attn: Susanne Baker
500 Central Avenue
Coos Bay, Oregon, 97420
sbaker@coosbay.org

All requests for additional information, must clearly reference the “PROPOSAL FOR AUDITING SERVICES”. All requests for additional information must be received no later than December 5, 2017 at 3:00 pm.

Audit Timeline

Start	As soon as the contract is executed.
Pre Audit Checklist	Provide a checklist of items required for the audit 60 days prior.
Pre Audit	Spring, May
Pre Audit Exit Conference	Inform the City Manager and Finance Director of preliminary findings and identify anticipated goals/areas for the final audit in the Fall.
Final Audit	Fall, September
Final Audit Exit Conference	Inform the City Manager and Finance Director of findings and identify anticipated goals/areas.
First Draft of Audit	Within 30 days after the field work audit the draft audit statements will be forwarded to the City to start the review process. The Coos Bay North Bend Water Board (CBNBWB) is a joint venture of the cities of Coos Bay and North Bend and from their audit, an investment in joint venture figure is incorporated into the City’s audit. This figure may not be available within 30 days after the field audit.
Final Audit Document	Once the final joint venture figure is provided, within 14 days the audit final draft will be delivered for final review.
Presentation of Audit	Audit to be presented to each respective governing body by the end of December.

Tentative Schedule For Selection

November 16, 2017 Request Proposals

December 7, 2017 – 3:00 p.m. Deadline for Submission of Proposals

Week of December 11, 2017 Interviews (if necessary)

December 19, 2017 Award of Contract and Commencement of Services

Clarification of Proposals: The City reserves the right to obtain clarification of any point in regards to a proposal or to obtain additional information necessary to properly evaluate a

particular proposal. Failure of a Proposer to respond to such a request for additional information or clarification could result in rejection of their proposal.

Reservation In Evaluation: The Selection Committee reserves the right to either: (a) request “Best and Final Offers” from the two finalist firms and award to the lowest priced or (b) to reassess the proposals and award to the firm determined to best meet the overall needs of the City.

Proposal Withdrawal: Any Proposal may be withdrawn at any time before the date of the “Deadline for Submission of Proposals” date and time by providing a written request for the withdrawal to the issuing office. A duly authorized representative of the agency shall make the request. Withdrawal of a Proposal will not preclude the proposer from filing a new Proposal.

Appeals: Proposers who wish to appeal a disqualification of proposal or the award of contract may submit the appeal in writing to the City Manager's Office within five (5) working days of the postmarked Notice of Award or disqualification. Disagreement with the process, e.g., scoring by evaluators, is not subject to appeal.

Address: City of Coos Bay
Attn: City Manager
500 Central Avenue
Coos Bay OR 97420

Ownership of Documents: Any material submitted by a proposer shall become the property of the respective entity.

Confidentiality of Information: All information and data furnished to the proposer and all other documents to which the proposer's employees have access during the preparation and submittal of the Proposal shall be treated as confidential. Any oral or written disclosure to unauthorized individuals is prohibited.

Public Record: All Proposals and information submitted by proposers are not open for public inspection until after the notice of intent to award a contract is issued. Except for exempt materials, all Proposals and information submitted by proposers will be available for viewing after the evaluation process is complete and the notice of intent to award is sent to all participating parties.

Indemnity: The auditor shall hold harmless, indemnify, and save the City, URA, and VCB, its officers, employees, and agents, from any and all liability claims, losses, or damages arising or alleged to arise during the performance of the work described herein by reason of any act or omission of the auditor or any of its agents, employees or representatives. The indemnity applies to both active and passive acts or other conduct.

Employment Status: Auditor shall perform the work required by this contract as an independent auditor. Although the City, URA, or VCB reserves the right to determine and modify the delivery schedule for the work to be performed and to evaluate the quality of the completed performance, the City, URA, or VCB cannot and will not control the means or manner of the

Auditor's performance. The Auditor is responsible for determining the appropriate means and manner of performing the work.

Auditor represents and warrants that the Auditor is not an employee of the City, URA, or VCB and meets the specific independent auditor standards of ORS 670.600. Auditor is not an officer, employee, or agent of the City, URA, or VCB as those terms are used in ORS 30.265.

Auditor shall be responsible for any federal or state taxes applicable to any compensation or payments paid to Auditor under this contract and, the City, URA, or VCB will not withhold from such compensation or payments any amounts to cover Auditor's federal or state tax obligations.

Auditor is not eligible for any Social Security, unemployment insurance, or Workers Compensation, from compensation paid to Auditor under this contract except as a self-employed individual.

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.

Insurance: The insurance requirements for this are rated as a Level 2.

Specific Directives

1. General Liability shall be a per occurrence form and must cover the time for which the work is being performed.
2. Proof of insurance of not less than the amount required is to be provided. Written notice of cancellation of insurance shall be provided to the City, Agency, and VCB not less than 30 days prior to the date of cancellation.
3. If the City, Agency, and VCB is required to use Federal or State insurance policy limits, or is subject to the Federal or State tort claim limits, the limits required through this directive shall be superseded by such limits.
4. If a claim occurs where the amount of the claim exceeds the insurance policy limits required by this directive, the contractor assumes full responsibility for the payment of such claim.
5. Insurance policy limits shall not be less than those listed in this directive without the consensus of the City Manager, City Attorney, and the City Risk Manager of Record. Insurance policy limits may be waived at the discretion of the City, Agency, and VCB. Insurance policy limits may be required to be higher based upon the City Manager's review of the specific application for which the certificate is required.
6. "Tail Coverage": If any of the required liability insurance is on a "claims made" basis, recipient shall maintain either "tail" coverage or continuous "claims made" liability coverage, provided the effective date of the continuous "claims made" coverage is on or before the effective date of the Contract/Agreement, for a minimum of 24 months following the later of:

- a. Recipient's completion of all services and the City, Agency, and VCB acceptance of all services required under the Contract/Agreement, or
- b. The expiration of all warranty periods provided under the Contract/Agreement. Notwithstanding the foregoing 24-month requirement, if recipient elects to maintain "tail" coverage and the maximum time period "tail" coverage is reasonably available in the marketplace is less than the 24-month period described above, recipient shall maintain "tail" coverage for the maximum time period "tail" coverage is reasonably available in the marketplace for the coverage required.

7. Definitions:

Commercial General Liability: To cover bodily injury, death, and property damage. This insurance shall include contractual liability coverage for the indemnity provided under those listed in the Agreement/Contract, personal and advertising injury liability, products liability and completed operations liability. Coverage may be written in combination with Automobile Liability Insurance (with separate limits).

Professional Liability: To cover error, omission or negligent acts related to the professional services to be provided under the Agreement/Contract.

Automobile Liability: To cover each accident for bodily injury and property damage, including coverage for owned, hired, non-owned, leased, or rented vehicles as applicable. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits).

Umbrella Liability: To cover excess liability over several of the insured's primary liability policies. An excess liability policy may be what is called a following form policy, which means it is subject to the same terms as the underlying policies; it may be a self-contained policy, which means it is subject to its own terms only; or it may be a combination of these two types of excess policies. Umbrella policies provide three functions:

1. To provide additional limits above the each occurrence limit of the insured's primary policies;
2. To take the place of primary insurance when primary aggregate limits are reduced or exhausted; and
3. To provide broader coverage for some claims that would not be covered by the insured's primary insurance policies, which would be subject to the policy retention.

Most umbrella liability policies contain one comprehensive insuring agreement. The agreement usually states it will pay the ultimate net loss, which is the total amount in excess of the primary limit for which the insured becomes legally obligated to pay for damages of bodily injury, property damage, personal injury, and advertising injury.

Level 2 Insurance Requirements: Professional services contracts/agreements \$50,000 and under:

Commercial General Liability per occurrence	\$1,000,000
Professional Errors and Omissions liability per occurrence	\$2,000,000
Workers' Compensation	Statutory Limit
Applicable Federal	Statutory Limit
Employers Liability	\$500,000
Automobile Liability per occurrence	\$1,000,000
Umbrella/Excess Insurance per occurrence	\$1,000,000

8. Should the Umbrella/Excess Insurance coverage combined with Commercial General Liability coverage not equal or exceed the minimum combined coverage shown, coverage must be increased to equal or exceed the minimum total coverage limits shown. If there is no Umbrella/Excess Insurance coverage, then the Commercial General Liability, Employers Liability, and Automobile Liability limits must be increased to equal or exceed the minimum total coverage limits shown. The Certificate of Insurance(s) and Endorsement(s) will be a part of the Contract and shall be provided to the City, Agency, and VCB with endorsement(s) indicating that the Commercial General Liability insurance coverage is in effect which shall be primary and non-contributory with any insurance maintained by the City, Agency, and VCB and include a per project aggregate (form CG 2503 05/09 or equivalent).

Such certificate(s) and endorsement(s) shall name the City, Agency, and VCB as an additional insured commercial general liability, automobile liability, and umbrella liability policies. Copies of such endorsements or coverage enhancements **shall be attached to the certificate**. A waiver of subrogation under the workers' compensation and commercial general liability policies shall be provided. Insurance Coverage provided must be underwritten by an insurance company deemed acceptable by the City, Agency, and VCB. The City, Agency, and VCB reserve the right to reject all or any insurance carrier(s) with an unacceptable financial rating.