

CITY OF VALDEZ, ALASKA
AUDITOR SELECTION COMMITTEE
REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES
October, 2013

212 CHENEGA AVENUE, PO BOX 307, VALDEZ, AK 99686

CITY OF VALDEZ, ALASKA

REQUEST FOR PROPOSALS

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City of Valdez, Alaska
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of Valdez is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2013, as well as 2014 and 2015, with the option of auditing its financial statements for each of the 2 subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations as well as the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

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

To be considered, one original and five (5) copies of a proposal must be submitted by **4:30pm on November 21, 2013**. Proposals shall be submitted to the City of Valdez, P.O. Box 307, 212 Chenega Avenue. The City of Valdez reserves the right to reject any or all proposals submitted.

Proposals submitted will be evaluated by an Auditor Selection Committee selected by the City of Valdez City Council, consisting of members of the City Council, the Finance Director of the City of Valdez and other City staff designated by the City Manager.

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

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

the firm selected.

It is anticipated the selection of a firm will be completed by December 2, 2013. Following the notification of the selected firm it is expected a contract will be executed between both parties by December 16, 2013.

B. Term of Contract

The term of the contract shall begin approximately December 20, 2013 and continue through the completion of the 2015 Audit. Upon written agreement of the parties, and subject to appropriation of funds by the City of Valdez, the contract may be separately extended for up to two (2) additional one-year periods under the same terms and conditions as set out in the initial contract. Either party may decline extension without reason.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Valdez is soliciting the services of qualified firms of certified public accountants to audit its financial statements and prepare Independent Audit Statement and Federal Compliance Reports for the fiscal year ending December 31, 2013, as well as 2014 and 2015, with the option to audit the City's financial statements for each of the 2 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 City of Valdez desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

C. Auditing Standards To Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards (1994), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as well the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

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.
2. Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government audit standards.
3. Independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.
4. Independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the State of Alaska Audit Guide and compliance supplement for state single audits.
5. Schedule of findings and questioned costs
6. Supplementary schedule of state and/or federal financial assistance.
7. Any other reports as required by federal and/or state regulatory agencies and/or government auditing standards.

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

Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on compliance and internal controls.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and 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 following parties:

John Hozey, City Manager

E. Special Considerations

1. The City of Valdez will submit its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is expected that the auditor shall prepare an award qualifying Comprehensive Annual Financial Report in its entirety on behalf of the City, with the City of Valdez providing assistance with the Letter of Transmittal/Manager's Discussion and Analysis.
2. The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls are to be issued as part of the comprehensive annual financial report.
3. All accounting and financial reporting standards changes as promulgated by the Governmental Accounting Standards Board shall be incorporated fully into the Annual Comprehensive Financial Report prepared for the City. In addition, it is expected that the auditor shall provide technical assistance to the City with compliance with any such standards changes.

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 City of Valdez of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to which ever the City designates.

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. Name and Telephone Number of Contact Persons/Organizational Chart/Location of Offices

The auditor's principal contact with the City of Valdez will be the Finance Director, or a designated representative, who will coordinate the assistance to be provided by the City to the auditor.

An organizational chart (Appendix A) and a list of key personnel with the location of their principal offices (Appendix B) are attached.

B. Background Information

The City of Valdez serves an area of 275 square miles with a population of 4,454. The City's fiscal year begins on January 1 and ends on December 31. The City of Valdez provides the following services to its citizens:

General Administration, Fire and Police Protection, Streets and Shop, Library, Parks and Recreation, Community Development, Water, Sewer, Solid Waste, Airport Administration, Port, and Harbor.

The City of Valdez has a total payroll of \$13.6 million covering approximately 130 full and part time employees.

The City of Valdez is organized into 22 departments and agencies. The accounting and financial reporting functions of the City are centralized.

More detailed information on the government and its finances can be found in the City's 2013 Adopted Budget and the 2012 Comprehensive Annual Financial Report located at 212 Chenega Avenue, Valdez, AK. Contact the Finance Director, at 907-835-4313.

C. Fund Structure

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

<u>Fund Type/Account Group</u>	<u>No. of Individual Funds</u>	<u>No. Legally Adopted Annual Budgets</u>
General fund	<u>1</u>	<u>1</u>
Special revenue funds	<u>7</u>	<u>7</u>
Debt service funds	<u>1</u>	<u>1</u>
Capital projects funds	<u>1</u>	<u>1</u>
Enterprise funds	<u>0</u>	<u>0</u>
Internal service funds	<u>0</u>	<u>0</u>
Expendable trust funds	<u>0</u>	<u>0</u>
Nonexpendable trust funds	<u>1</u>	<u>1</u>
Pension trust funds	<u>0</u>	<u>0</u>
Agency funds	<u>0</u>	<u>0</u>
General fixed assets account group	<u>1</u>	NA
General long-term debt account group	<u>0</u>	NA

D. Budgetary Basis of Accounting

The City of Valdez prepares its budgets on a basis consistent with generally accepted accounting principles.

E. Federal and State Awards

During the fiscal year to be audited, the City of Valdez received grants from the following:

State of Alaska

Department of Administration

Department of Revenue

Department of Commerce, Community & Economic Development

Department of Education & Early Development

Department of Environmental Conservation

Department of Transportation and Public Facilities

Department of Military and Veteran Affairs

Federal Government

Department of Health and Human Services

Department of Interior

Environmental Protection Agency

Department of Agriculture

Institute of Museum and Library Services

The City of Valdez may have additional grants not reflected above that were unknown at the time of publication of this RFP.

F. Pension Plans

The City of Valdez participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivision within the State of Alaska. Employee participation in the plan is mandatory for regular full time employees. A publicly available financial report that includes financial statements and required supplementary information is issued annually by PERS and may be obtained from the State of Alaska, Department of Administration, Division of Retirement and Benefits, PO Box 110203, Juneau, Alaska, 99811-0203.

G. Component Units

The City of Valdez is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's *Codification of Governmental*

Accounting and Financial Reporting Standards, Section 2100. Using these criteria, component units are included in the City's financial statements. The management of the City of Valdez identified the following component units for inclusion in the City's financial statements:

- a. Valdez City Schools, Fiscal Year Ending June 30.
- b. Providence Valdez Medical Center, Fiscal Year Ending December 31.
- c. Valdez Museum & Historical Archive Association, Inc., Fiscal Year Ending December 31.

The auditors of the above component units are contractually obligated to provide information needed for the audit of the City of Valdez.

H. Joint Ventures

The City of Valdez does not participate in joint ventures with other governments.

I. Magnitude of Finance Operations

The finance department is headed by the Finance Director and consists of 4 of employees. The principal functions performed and the number of employees assigned to each are as follows:

<u>Function</u>	<u>Number of Employees</u>
Director of Finance	1
Controller	1
Accounts Payable	1
Accounts Receivable	1
Accounting/ Payroll	1
Tax Specialist	1
Cashier	1
Cashier/Receptionist	1

J. Computer Systems

The City of Valdez accounting operates on pc-based platform and runs in a Windows Server Environment running SQL databases. The current applications are in use:

- General Ledger
- Payroll
- Accounts Payable

Utilities Billing
Accounts Receivable
Budget
Special Assessments
Business Licenses
Cash Receipting

K. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Finance Director at 212 Chenega Avenue, telephone 907-835-4313. The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

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 proposal issued	October 17, 2013
Due date for proposals	November 21, 2013

B. Notification and Contract Dates

Contract Awarded	December 2, 2013
Selected firm notified	December 3, 2013
Contract date	December 16, 2013
Audit Complete and delivered to City	April 11, 2014

C. Date Audit May Commence

Interim work may commence upon contract signing. The City of Valdez will have all records ready for audit and all management personnel available to meet with the firm's personnel as of February 19, 2014.

D. Schedule for the 2013 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years if the City of Valdez exercises its

option for additional audits).

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

1. Detailed Audit Plan
The auditor shall provide City of Valdez by January 16, 2014 both a detailed audit plan and a list of all schedules to be prepared by the City.
 2. Interim Work /Fieldwork
The auditor shall complete all interim work and field work by March 3, 2014.
 3. Draft Reports
The auditor shall have drafts of the financial and audit reports and recommendations to management available for review by the Finance Director by March 10, 2014.
- E. Pre-Audit Conference, Entrance Conference, Progress Reporting and Exit Conference (A similar time schedule will be developed for audits of future fiscal years if the City of Valdez exercises its option for additional audits).

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

- a. Pre-Audit Conference with the Valdez City Council Audit Committee - January 15, 2014.
- b. Entrance conference with Finance Director and all key finance department personnel – Week of February 9, 2014
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, and to commence year-end audit work.
- c. Progress conference with Finance Director – Week of February 16, 2014
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
- d. Exit conference with City Council Audit Committee, City Manager and Finance Director – Week of February 23, 2014

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 auditor shall prepare and provide draft financial statements, notes, and all required supplementary schedules to the Finance Director by March 10, 2014. The Finance Director shall review and provide suggestions for revision to the auditor by March 14, 2014. During that period, the auditor shall be available for any meetings that may be necessary to discuss the audit reports. A revised report, including draft auditor's reports, in complete Independent Audit Statement and Federal Compliance Reports, shall be delivered to the Finance Director by March 19, 2014.

Once all issues for discussion are resolved, the final signed report and 100 copies shall be delivered by March 26, 2013, to the Finance Director, at 212 Chenega Avenue, PO Box 307, Valdez, AK, 99686.

G. Auditor Presentation to City Council

The auditor shall present the audit, including highlights of revenues, expenditures, and fund balances, to the Valdez City Council no later than May 1, 2014.

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

A. Finance Department

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the City of Valdez.

B. Electronic Data Processing (EDP) Assistance

Finance Department personnel will also be available to provide systems documentation and explanations. The auditor will be provided computer time and the use of the City's computer hardware and software.

D. Statements and Schedules to be Prepared by the Staff of the City of Valdez

The staff of City of Valdez will prepare the draft audit schedules for the auditor

prior to fieldwork dates.

E. Work Area, Telephones, Photocopying and FAX Machines

The City of Valdez will provide the auditor with reasonable work space and chairs. The auditor will also be provided with access to a telephone line, internet line, photocopying facilities and FAX machine.

F. Report Preparation

Report preparation, editing, printing and binding shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Proposals

The following material is required to be received by 4:30 pm, November 21, 2013 for a proposing firm to be considered:

a. One original and Five (5) copies of the Proposal to include the following (in this order):

i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the 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 contract, a statement that the proposal is a firm and irrevocable offer and the names of the persons who will be authorized to make representations for your firm, their titles, addresses and telephone numbers. (limit of 2 pages)

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 proposal (Appendix C and Appendix D)
- b. The proposer shall submit an original and 5 copies of a dollar cost bid in a separate sealed envelope marked as follows:

DOLLAR COST BID
PROPOSAL FOR
CITY OF VALDEZ
FOR
PROFESSIONAL AUDITING SERVICES
October, 2013

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

FINANCE DIRECTOR
212 CHENEGA AVENUE
PO BOX 307
VALDEZ, AK 99686-0307

2. Inquiries

All inquiries concerning the request for proposals and the subject of the request for proposals must be made in writing to:

Finance Director
212 Chenega Avenue, Valdez, AK 99686
907-835-4313
kgreene@ci.valdez.ak.us

CONTACT WITH PERSONNEL OF THE CITY OF VALDEZ OTHER THAN FINANCE DIRECTOR, OR HIS DESIGNEE, REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

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 City of Valdez in conformity with the requirements of this request for proposals. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this contract. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

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 is independent of the City of Valdez as defined by the U.S. General Accounting Office's *Government Auditing Standards* (1994)

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

The firm should also list and describe the firm's professional relationships involving the City of Valdez 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 City of Valdez written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Alaska

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

4. Firm Qualifications and Experience

The proposer 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 contract is to be performed and the number and nature of the professional staff to be employed in this contract 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 review, with a statement whether that quality control review included a review of specific government contracts.

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

Identify the principal supervisory and management staff, including contract partners, managers, other supervisors and specialists, who would be assigned to the contract. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Alaska. 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.

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 contract. Indicate how the quality of staff over the term of the agreement will be assured.

Contract partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City of Valdez. However,

in either case, the City retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City of Valdez, 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. Prior Contracts with the City of Valdez

List separately all contracts within the last five years for the City of Valdez by type of contract (i.e., audit, management advisory services, other). Indicate the scope of work, date, contract partners, the location of the firm's office from which the contract was performed, and the name and telephone number of the principal client contact.

7. Similar Contracts With Other Government Entities

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

8. 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 II of this request for proposal including the requirements of the Federal Single Audit Act and OM Circular A-133, and the State of Alaska single audit requirements established by 02.AAC.45.010. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

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

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

segment of the contract

- c. Sample size and the extent to which statistical sampling is to be used in the contract
- d. Extent of use of EDP software in the contract
- e. Type and extent of analytical procedures to be used in the contract
- f. Approach to be taken to gain and document an understanding of the City'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 tests of compliance
- i. Typical assistance expected from the City of Valdez staff

9. 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 City of Valdez.

10. Report Format

The proposal should include sample formats for required reports.

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price, Stated for Each Year of the Contract (2013, 2014, 2015)

The sealed dollar cost bid should contain all pricing information relative to performing the audit contract as described in this request for proposal. The total all-inclusive maximum price to be bid, specified for each year of the proposed contract, is to contain all direct and indirect costs including all out-of-pocket expenses.

The City of Valdez 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 proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Valdez.
- c. A Total All-Inclusive Maximum Price for each year of the contract (Appendix F).

2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in Appendix E, that supports the total all-inclusive maximum price. The cost of special services described in Section I E of this request for proposal should be disclosed as separate components of the total all-inclusive maximum price.

3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence, etc.) shall be included in the All-inclusive Maximum Price.

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the City of Valdez for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the first page of the sealed dollar cost bid in the format provided in the attachment (Appendix A). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the sealed dollar cost bid stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing City of Valdez rates for its employees.

4. Rates for Additional Professional Services

If it should become necessary for the City of Valdez to request the auditor

to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this contract, then such additional work shall be performed only if set forth in an addendum to the contract between the City of Valdez and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

Progress payments will be made on the basis of percentage of work completed during the course of the contract in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

VII. EVALUATION PROCEDURES

A. Auditor Selection Committee

Proposals submitted will be evaluated by an Auditor Selection Committee selected by the City of Valdez City Council, consisting of members of the City Council, the Finance Director of the City of Valdez, and other City staff designated by the City Manager.

B. Review of Proposals

The Auditor Selection Advisory Committee will use a point formula during the review process to score proposals. Each member of the Auditor Selection Advisory Committee will first score each technical proposal by each of the criteria described in Section VII C below. The full Auditor Selection 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 City of Valdez 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 for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

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

2. Technical Quality: (Maximum Points - 85)

a. Expertise and Experience

- (1) The firm's past experience and performance on comparable government contracts
- (2) The quality of the firm's professional personnel to be assigned to the contract and the quality of the firm's management support personnel to be available for technical consultation
- (3) Experience with similar federal or state financial assistance programs

b. Audit Approach

- (1) Adequacy of proposed staffing plan for various segments of the contract
- (2) Adequacy of sampling techniques
- (3) Adequacy of analytical procedures

3. Price: (Maximum Points - 15)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION
OF AN AUDIT FIRM

D. Oral Presentations

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

E. Final Selection

The City of Valdez City Council will select a firm based upon the recommendation of the Auditor Selection Committee.

It is anticipated that a firm will be selected by December 2, 2013. Following notification of the firm selected, it is expected a contract will be executed between both parties by December 16, 2013.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Valdez and the firm selected.

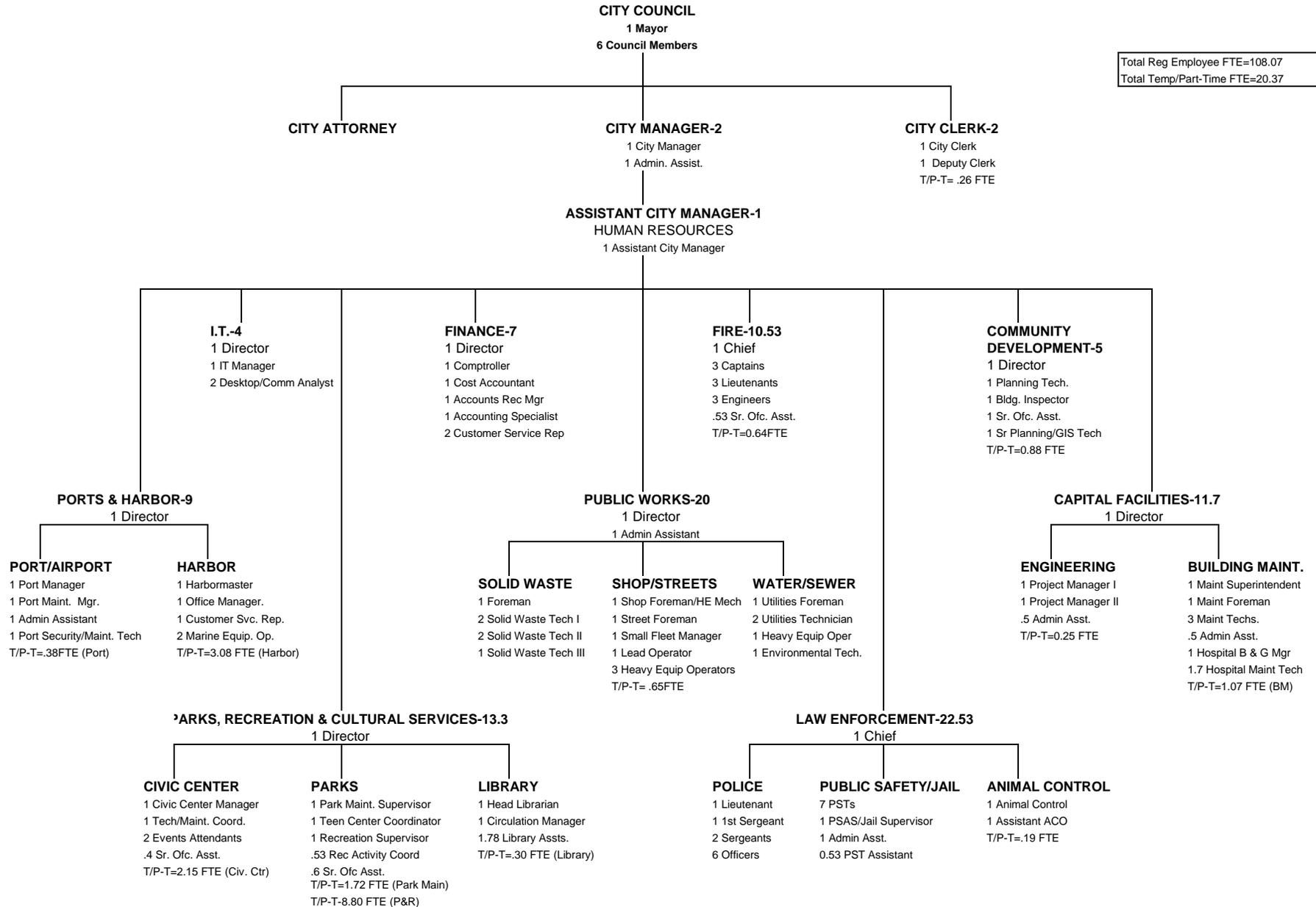
The City reserves the right without prejudice to reject any or all proposals.

APPENDICES

- A. Organizational Chart
- B. List of Key Officials, Office Locations and Telephone Numbers
- C. Proposer Guarantees
- D. Proposer Warranties
- E. Format for Schedule of Professional Fees and Expenses to Support the Total All-inclusive Maximum Price
- F. Copy of Excerpt from City of Valdez City Code Concerning Audits
- G. Maximum All-Inclusive Price Form

CITY OF VALDEZ, ALASKA
2013 Organization Chart - Regular Personnel

Total Reg Employee FTE=108.07
Total Temp/Part-Time FTE=20.37



APPENDIX B

LIST OF KEY PERSONNEL, OFFICE LOCATIONS AND TELEPHONE NUMBER

<u>Name and Title</u>	<u>Location of Office</u>	<u>Telephone</u>
John Hozey, City Manager	212 Chenega Avenue	907-835-4313
Keith Greene, Finance Director	212 Chenega Avenue	907-835-4313
Tom Schantz, Controller	212 Chenega Avenue	907-835-4313
Todd Wegner, Assistant City Manager	212 Chenega Avenue	907-835-4313
Sheri Pierce, City Clerk	212 Chenega Avenue	907-835-4313
Chris Farmer, IT Director	212 Chenega Avenue	907-835-4313
Larry Weaver, Public Works & Eng. Dir.	212 Chenega Avenue	907-835-4313
Bill Comer, Police Chief	212 Chenega Avenue	907-835-4313
George Keeney, Fire Chief	212 Chenega Avenue	907-835-4313
Lisa VonBargen, Community Dev. Dir.	212 Chenega Avenue	907-835-4313
Debra Roberts, Accounting Supervisor	212 Chenega Avenue	907-835-4313
Meg Weaver, Accounts Receivable	212 Chenega Avenue	907-835-4313
Magdelana Prince, Accounts Payable	212 Chenega Avenue	907-835-4313
William Walker, Attorney At Law	212 Chenega Avenue	907-835-4313

APPENDIX C

PROPOSER GUARANTEES

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

Signature of Official:

Name (typed):

Title:

Firm:

Date: _____

APPENDIX D

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Alaska laws with respect to foreign (non-state of Alaska) 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 prior written permission of the City of Valdez.
- 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 E

SCHEDULE OF PROFESSIONAL FEES

Please attach a schedule of rates and fees for professional staff performing work on this audit.

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners				
Managers				
Supervisory Staff				
Staff				
Other (specify):				
Subtotal				
Total for services Described in Section II of the RFP (Detail on subsequent pages)				

APPENDIX F

ALL-INCLUSIVE MAXIMUM PRICE BID

<u>Year</u>	<u>Maximum Price</u>
2014 (for Audit of 2013)	\$ _____
2015 (for Audit of 2014)	\$ _____
2016 (for Audit of 2015)	\$ _____