

**CITY OF COQUILLE
REQUEST FOR PROPOSALS**

I. INTRODUCTION

A. General Information

The City of Coquille, Oregon invites proposals from qualified independent certified public accounting firms for annual audit services for the City of Coquille and the Coquille Urban Renewal Agency (a component unit of the City of Coquille) commencing with fiscal year ending June 30, 2019. It is the intent of the City to negotiate a three-year contract, with the second and third year contingent on the successful, timely completion of the first year of the contract. An option to extend the contract through additional years may also be granted upon approval of City Council. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America and the minimum standards for audits of Oregon Municipal Corporations. If a Single Audit is required, the audit is also to be performed in accordance with the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, and U.S. Office of Management and Budget (OMB) *Uniform Guidance*.

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

To be considered, two copies of the proposal must be received by the Finance Director, Julie Rowe, 851 N Central Blvd., Coquille, Oregon 97423 by 4:30 p.m. on May 3, 2019. Proposals may also be submitted electronically to the Finance Director at jrowe@cityofcoquille.org by the same deadline. The City reserves the right to reject any or all proposals submitted.

During the evaluation process, the City reserves the right, where it may serve its best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposal may be requested to make oral presentations as part of the evaluation process.

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

It is anticipated the selection of a firm will be completed by May 17, 2019.

II. NATURE OF SERVICES REQUIRED

A. General

The City is soliciting the services of qualified firms of certified public accountants to audit the City of Coquille and Coquille Urban Renewal Agency (a component unit of the City of Coquille) financial statements. These audits are to be performed in accordance with the provisions contained in this RFP.

B. Scope of Work to be performed

The City desires the auditor to express an opinion on the fair presentation of its financial statements of government activities, business-type activities, each major fund and aggregate remaining fund information in conformity with accounting principles generally accepted in the United States of America.

The auditor is not required to audit the Management Discussion and Analysis which is supplementary information required by the Government Accounting Standards Board. However, the auditor is to apply limited procedures regarding the methods of measurement and presentation of the supplementary information.

The auditor is required to express an opinion on the Required Supplementary Information (budget comparison information for major funds), the combining individual non-major fund financial statements and other schedules, and the Schedule of Expenditures of Financial Awards (if applicable) in relation to the basic financial statements taken as a whole based on the auditing procedures applied during the audit of the financial statements.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposal, 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 contained in the Government Auditing Standards issued by the Comptroller General of the United States, U.S. Office of Management and Budget (OMB) Omni Circular (if applicable), and the minimum standards for audits of Oregon Municipal Corporations.

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 of the government activities, business-type activities, each major fund and aggregate remaining fund information in conformity with accounting principles generally accepted in the United States of America.
2. A report on the internal control structure and other comments and disclosure required by state regulators.
3. 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 (if a Single Audit is required).
4. A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Omni Circular (if a Single Audit is required). The City was not subject to a Single Audit for the fiscal year ended June 30, 2018.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit.

E. Professional Services Contract

The selected proposer will enter into a Professional Services Contract with the City and this RFP will become an element of the agreement's "scope of work".

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 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:

- City of Coquille
- Any State or Federal Granting Agencies
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by the City as part of an audit quality review process
- Auditors of entities for which the City is a sub-recipient of grant funds
- In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

A. Principal Contact

The auditor's principal contacts with the City will be Julie Rowe, Finance Director, (541) 396-2115 ext. 203, and William Dufner, City Manager, (541) 396-2115 ext. 201.

B. Background Information

The City of Coquille is a municipal corporation governed by an elected Mayor and six-member Council who meet the first (and if necessary the third) Monday of each month. The City operates under a council/manager form of government.

The City Manager administers the affairs of the City for the Council and supervises a staff of five department heads and approximately 45 full and part-time employees. The City provides a full range of services: police, fire, ambulance, municipal court, library, planning, street maintenance, public works, water, wastewater, and administrative services.

C. Fund Structure

The City currently maintains 13 funds which include the General Fund, 3 Enterprise Funds, 7 Special Revenue Funds, 1 Permanent Fund, and 1 Capital Project Fund.

D. Budget

The City prepares its budgets on a basis consistent with generally accepted accounting principles (modified accrual) and Oregon Revised Statutes. The City's 18/19 FY budget is approximately \$15 million.

E. Pension Plans

The City participates in the Oregon Public Employees Retirement System.

F. Other Post-Employment Benefits

The only other post-employment benefit offered to employees is that retirees are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. This creates an implicit subsidy under the provisions of GASB 75.

G. Component Units

The City of Coquille recognizes the Coquille Urban Renewal Agency as a component unit. A separate set of financial statements are required to be prepared for this component unit.

H. Joint Ventures

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

I. Magnitude of Finance Operations

The Finance Department is headed by Julie Rowe, Finance Director, and consists of 3 employees: Utility Billing and Collections, Payroll/HR Assistant, City Recorder/AP clerk.

J. Computer Systems

The City is currently using Springbrook Software for financial reporting. The City of Coquille uses the following modules to record financial transactions:

- General Ledger
- Accounts Payable
- Payroll
- Utility Billing
- Cash Receipts
- Bank Reconciliation
- Fixed Assets

These modules are integrated. Ambulance billing is processed via Tri-Tech.

K. Availability of Prior Audit Reports

Interested proposers may obtain copies of prior year audits and budgets at www.cityofcoquille.org under finance.

IV. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Proposals

The following material is required to be received by May 3, 2019 for a proposing firm to be considered:

- a. 2 copies of the Proposal to include the following:

i. Title Page

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

ii. Table of Contentsiii. 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 an appropriate time period, a statement why the firm believes it to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for 90 days.

iv. Detailed Proposal

The detailed technical proposal should be presented as follows:

- 1) General Requirements
- 2) Independence
- 3) License to Practice in State of Oregon
- 4) Firm Qualifications and Experience
- 5) Partner, Supervisory and Staff Qualifications and Experience
- 6) Similar Engagements with Other Government Entities
- 7) Specific Audit Approach
- 8) Identification of Anticipated Potential Audit Problems
- 9) Identification of New Accounting or Audit Pronouncements
- 10) Report Format

- b. The proposer shall include in the proposal a dollar cost bid for the FY 18/19 audit and also a dollar cost bid for audits in FY 19/20 and FY 20/21 as well as estimates for the two year extension option.
- c. Proposers should send the completed proposal to the following address:

City of Coquille
Julie Rowe, Finance Director
851 N. Central Blvd.
Coquille, Oregon 97423
jrowe@cityofcoquille.org

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competency and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this RFP. 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 requirements of the RFP.

The Technical Proposal should address all the points outlined in the RFP. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, items Nos. 2 through 9 must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The proposer should provide an affirmative statement that it is independent of the City as defined by the *Government Auditing Standards* issued by the Comptroller General of the United States.

3. License to Practice in State of Oregon

An affirmative statement should be included that the proposer and all assigned key professional staff are properly licensed to practice in the State of Oregon. Proposer should also indicate which staff are licensed municipal auditors in the State of Oregon.

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 engagement is to be performed, the number and nature of the professional staff to be employed in this engagement.

The proposer 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 engagements.

The proposer 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 proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the proposer 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 engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each person is registered or licensed to practice as a certified public accountant in the State of Oregon. 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 engagement. Indicate how the quality of the staff over the term of the agreement will be assured.

6. Similar Engagements with Other Government Entities

For the proposer’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 RFP.

7. Specific Audit Approach

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

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

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Approach to be taken in drawing sample size and the extent to which statistical sampling is to be used in the engagement
- d. Type and extent of analytical procedures to be used in the engagement
- e. Approach to be taken to gain and document an understanding of the City’s internal controls
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work

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 City.

9. Identification of New Accounting and Audit Pronouncements

The proposal should identify any new accounting pronouncements and audit requirements expected to be implemented in the next 3 years and any additional audit fees that will be assessed in implementing these pronouncements and requirements.

10. Report Format

The proposal should include sample formats for required reports.

C. Cost Bid

- 1. Total All-Inclusive Maximum Price for FY 18/19, FY 19/20 and FY 20/21 audits and an estimate for the cost of the two year optional extension.

The dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be in the proposal.

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

The cost bid should include a schedule of professional fees and expenses that supports the total all-inclusive maximum price.

3. Out of pocket Expenses to be Included in the Total All-inclusive Maximum Price and Reimbursement Rates

4. Rates for Additional Professional Services

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

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the proposer's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

V. EVALUATION PROCEDURES

A. Review of Proposals

The City will use a point formula during the review process to score proposals. Firms with an unacceptably low technical score will be eliminated from further consideration. After the technical score for each firm has been established, the cost will be evaluated and additional points will be added to the technical score based on the price bid.

The City reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether or not that proposal is selected.

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in the State of Oregon.

- b. The firm adheres to the instructions in this RFP on preparing and submitting the proposal.
- c. 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

a. Expertise and Experience

- i. The firm's past experience and performance on comparable government engagements.
- ii. 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.
- iii. The firm's past experience with automated accounting system.

b. Audit Approach

3. Price

Price will be considered after other criteria have been evaluated.

C. Oral Presentations

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

D. Final Selection

It is anticipated that a firm will be selected by May 17, 2019, with final Council approval on June 3, 2019. Following notification of the firm selected, it is expected a contract will be executed between both parties no later than June 30, 2019.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected. The City reserves the right, without prejudice, to reject any or all proposals.

CITY OF COQUILLE FINANCE
851 N. CENTRAL BLVD.
COQUILLE, OREGON 97423