

Lane Council of Governments
Request for Proposals (RFP)

Audit Services

**Proposal Closing:
2:00 PM, Wednesday, January 31, 2007**

Submit Proposal Response in a sealed envelope
on or before the proposal closing date and time stated above to:

Lane Council of Governments
Audit Services Proposal
99 East Broadway, Suite 400
Eugene OR, 97401

Lane Council of Governments

REQUEST FOR PROPOSALS (RFP) TO PROVIDE AUDIT SERVICES

Notice is hereby given that Lane Council of Governments (LCOG), a local government in Lane County, Oregon, solicits proposals for audit services as required by ORS297.425.

SCHEDULE:

Final proposals due by 2pm	January 31, 2007
Proposals evaluated by	February 9, 2007
Interviews conducted by	February 23, 2007
Notice of intent to award	March 2, 2007
Contract signed by	March 9, 2007

SUBMISSION OF PROPOSAL:

Three copies of your proposal must be provided in a sealed envelope and received by 2pm on January 31, 2007. Faxes and emails will not be accepted. All proposals are required to comply with the provisions of Oregon Revised Statutes.

CONTACT:

Marlene Siavitz, Financial Services Manager
Phone 541-682-4404
Email msiavitz@lcog.org

ADDRESS:

Lane Council of Governments
99 East Broadway, Suite 400
Eugene, Oregon 97401

Dated this 10th day of January 2007.

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LANE COUNCIL OF GOVERNMENTS BACKGROUND

Lane Council of Governments (LCOG) is a voluntary association of local governments in Lane County formed under ORS 190.003 to 190.110. The agency serves as a regional planning, coordination, program development and service delivery organization. Policy making authority is vested in the LCOG Board of Directors, which is comprised of a single representative of each of the member agencies. The LCOG Executive Director is responsible for carrying out policies of the Board and overseeing the daily operations of the agency. Financial records are maintained by the Financial Services Program, which is part of the Administrative Services Division.

LCOG's annual budget for FY2006-2007 is about \$27 million including fund balances. LCOG does not have taxing or law making authority, so almost all of LCOG's funding is from grants and contracts. The grants and contracts are grouped into four major fund types, the General Fund, governmental funds, proprietary funds and fiduciary funds. LCOG follows the requirements of the State of Oregon in the preparation and adoption of its annual budget. These rules are different than the requirements for cities and counties in Oregon.

I. SCOPE OF WORK

1. PURPOSE OF RFP

LCOG invites proposals from qualified independent certified public accounting firms for annual audit services as required by ORS 297.425. Our objective is to select the firm best qualified to provide:

- Auditing our financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise LCOG's basic financial statements.
- Express an opinion as to whether our financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles.
- Reporting on our internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements, in accordance with Government Auditing Standards.
- Reporting on internal control to major programs and an opinion on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations.
- Assistance to staff on various accounting and reporting issues and questions;
- Written recommendations to management if appropriate.

2. SCOPE OF AUDIT AND REPORTS REQUIRED

A. Annual Financial Report for LCOG

The Annual Financial Report is prepared to conform fully with generally accepted accounting principles (GAAP) and to be in full compliance with the pronouncements of the Governmental Accounting Standards Board (GASB) and/or the Financial Accounting Standards Board (FASB), and disclosures required by State regulations as appropriate. LCOG staff, in addition to providing information for the audit, prepares the Annual Financial Report.

The audit firm shall have conducted an examination of and have issued its opinion on the financial statements and accounting practices no later than November 30 of each year.

B. Report on the Single Audit

LCOG is subject to the additional audit requirements imposed by the Uniform Single Audit Act of 1984 and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

C. Management Letter

The engagement should include recommendations to management, prepared by the audit firm in letter form, which include any findings, observations, opinions, comments or recommendations relating to internal control, accounting systems, data processing, compliance with laws, rules and regulations, or any other matters that come to the attention of the audit firm during the course of the examination and, in the opinion of the audit firm, warrant the attention of management. The management letter and management's written responses shall be discussed with LCOG officials prior to publication. A discussion draft will be submitted to the Financial Services Manager each year by December 1st.

D. Modifications to Original Audit Scope and Contract Amount

In the event that circumstances disclosed by the audit indicate that a more extensive and detailed examination is required in addition to that which would be sufficient under normal circumstances, the audit firm shall provide all pertinent facts relative to the extraordinary circumstances together with the firm's estimate of the additional services to LCOG. Any fees relating to such extensions of examination procedures are to be considered as additional fees subject to negotiation and are not included within the scope of services to be performed under the original contract signed as a result of this RFP.

3. OTHER SERVICES

A. Other Technical Assistance

As a part of the overall audit contract LCOG expects to receive a variety of technical assistance throughout the fiscal year. This assistance would include, but is not limited to, answers to accounting, reporting, Internal Revenue Service or internal control questions including the comments in the Management Letter.

B. Additional Services

Proposals shall contain provisions for dealing with extraordinary circumstances discovered during the audit that may require an expansion of audit work beyond that which was originally planned.

In addition, the audit firm may be requested to perform special projects for LCOG during the year. Because of variations in the demand for additional services from year to year, such work will be contracted for, provided, and billed separately to LCOG on an hourly or otherwise agreed upon basis. Proposals should be submitted to LCOG describing the service to be rendered by the audit firm and the fees charged.

4. AUDIT CONTRACTS

A. Contract Period

A contract will be required for LCOG, including the Single Audit. The contract will cover three fiscal years and include a sixty (60) day cancellation provision and an available appropriation clause. LCOG reserves the right to request proposals for audit services in future years.

B. Subsequent Year Fees

If the contract is renewed for subsequent fiscal years, the fee for each subsequent fiscal year will be equal to the previous year's fee. Any proposed increases shall be limited to the percentage increase in the annual All Urban Consumers US Cities Average Consumer Price Index (CPI), according to the U.S. Department of Labor, Bureau of Labor Statistics.

The audit firm shall not release news or make any statements to the public, press, or other media relating to matters pertinent to the financial statements of LCOG, the management letter, or the audit contract, without prior approval from the LCOG Executive Director.

5. MANDATORY AUDIT REQUIREMENTS

A. Audit Standards

Each examination shall be made in accordance with generally accepted auditing standards (GAAS), promulgated by the American Institute of Certified Public Accountants; the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy; generally accepted governmental auditing standards (GAGAS), Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (the Yellow Book), issued by the Comptroller General, U.S. General Accounting Office; the Uniform Single Audit Act of 1984; OMB Circular A-133, Audits of State and Local Governments; Oregon and local laws and regulations; District Charter and Board policies; and with consideration given to comments received from the GFOA and ASBO Certificate of Achievement review programs, as appropriate.

B. Reporting Deadlines

LCOG's audited financial statements are required by law to be submitted to the Secretary of State no later than December 31 after the June 30 fiscal year end. The financial statements of LCOG are published annually in the Annual Financial Report.

6. PROPOSER QUESTIONS AND REQUESTS

A. RFP Clarification

Any audit firm requiring further clarification of the proposal procedures contained herein should submit specific questions to:

Marlene Siavitz, Financial Services Manager
Lane Council of Governments
99 East Broadway, Suite 400
Eugene, OR 97401
msiavitz@lcog.org, Fax 541-682-4099

Questions must be received prior to close of business on **January 17th, 2007** to be considered. A written response will be provided to those questions that are deemed appropriate. The response will be in the form of an addendum and will be sent to all firms in receipt of this RFP.

B. Accounting Systems

Governmental Funds

Most of LCOG's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of LCOG's operations and the basic services it provides.

1. General Fund

Principal sources of revenue are dues from member agencies, interest, and reimbursements from other funds. The General Fund includes the only discretionary or flexible resources of LCOG.

2. Special Revenue Funds

These funds account for revenues from specific revenue sources which include federal grants, state grants, and various contracts. These funds are reserved or designated to finance specific functions or activities.

Proprietary Funds (Enterprise)

Principal operating revenues of rents, loan fees, and interest on business loans are reported in the proprietary funds. These funds include LCOG-owned real estate and the business assistance loan program.

Fiduciary Funds (Agency)

Lane Council of Governments is the fiduciary for assets that belong to other governmental agencies. LCOG is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of LCOG's fiduciary activities are reported in a separate statement of fiduciary net assets. LCOG excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

C. Prior-Year Financial Statements

Previous years' published financial statements are available for inspection upon request. The statements from the prior year included four major programs, which were defined by being larger than \$300,000.

D. Mandatory Requirements

To be considered as a responsible proposer, audit firm must meet the following three requirements:

- 1) The audit firm employs accountants properly licensed by the Oregon State Board of Accountancy as Certified Public Accountants and as Municipal Auditors.
- 2) The audit firm must meet the independence standards of the GAO Standards for Audit of Governmental Organizations, Programs, Activities and Functions, 1998 revision.
- 3) The audit firm must not have a record of substandard work; LCOG will verify this requirement by communication with the Oregon State Board of Accountancy.

II. PROPOSAL SUBMITTAL PROCEDURES

Schedule

Event	Deadline/Date
Advertise/Issue request for proposals	January 10, 2007
Proposer's written questions and requests received by	January 17, 2007
Final proposals due by 2pm	January 31, 2007
Proposals evaluated	February 9, 2007
Interviews conducted by	February 23, 2007
Intent of intent to award	March 2, 2007
Contract signed by	March 9, 2007

Proposal Deadline

Sealed proposals will be accepted until 2:00 p.m., Pacific Standard Time, January 31, 2007, at LCOG. All proposals are to be clearly labeled on the outside of the envelope Audit Services Proposal. Each packet shall contain three (3) copies of the respective proposal.

Delivery is the sole responsibility of the proposer. The proposer accepts all risks of late delivery of mailed proposals or of mis-delivery regardless of fault. All proposals received after the date and time indicated above will be returned unopened.

Right to Reject Proposals

LCOG 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 RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between LCOG and the firm selected.

Cost of Preparing a Proposal

The RFP does not commit LCOG to paying any costs incurred by any proposer in the submission or presentation of a proposal, or in making the necessary studies for the preparation thereof.

PROPOSAL CONTENT AND FORMAT

To simplify and expedite the review process, LCOG requests that candidates prepare proposals in the standard format specified below:

Title Page

Proposer should identify the RFP subject, name of the firm, local address, telephone number, fax number, name and title of contact person, date of submission, and period for which the proposal is effective.

Table of Contents

The table of contents should include a clear and complete identification by section and page number of the materials submitted.

Transmittal Letter

The transmittal letter should be not more than two pages long and should include as a minimum the following:

1. A brief statement of the proposer's understanding of the objective of the services to be performed;
2. A positive commitment to perform the services within the time period specified;
3. The names of persons authorized to represent the proposer, their title, address and telephone number (if different from the individual who signs the transmittal letter).

Submittals Required

Each submittal shall contain the following:

1. Signed and dated proposal response sheet.
2. Responses to all of the questions in this RFP
3. Fees Proposed and signed Additional Representations
4. Signed Addenda (if any).

General Information

Each proposal response must contain responses to the following questions appearing in this section:

1. Name (firm or individual) of Proposer
2. Address
3. Federal Employer Identification Number
4. How long have you been in business?
5. Are you a local, regional, national, or international operation?
6. What is the location of the office from which the work is to be done (hereafter referred to as the "local office")?
7. List the number of professional audit staff by staff level employed in the local office and indicate the number of staff on the Oregon Municipal Auditor Roster.
8. In the preceding five years, how many local Governments has the firm audited? How many of these were councils of governments?(Please list the local governmental agencies the firm has audited within Oregon.). Describe the firm's experience and qualifications relative to similar engagements contained within this RFP, and the number of GASB 34 audits performed. Describe your firm's experience in conducting single audits as prescribed by OMB Circular A-133.
9. Has the firm been the object of any disciplinary action or pending action during the past three (3) years with state regulatory bodies or professional organizations? (If yes, please provide information on the circumstances and status.)

10. Please provide any other information you feel would help in the evaluation of your firm for this engagement.

13. Specific Audit Approach

Submit a work plan to accomplish the scope of work defined in of the Scope of Work of this RFP. The work plan should include time estimates (in hours) for each significant segment of the audit and the staff level to be assigned. The CAFR and Single Audit work plan should include an explanation of the audit methodology to be followed. Please address the approach to audit testing, sampling techniques, and analytical procedures.

14. Time Requirements

Provide detailed information on how the audit firm proposes to meet time lines and reporting deadlines. Audit milestones and dates should be provided.

15. 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 either District.

16. Cost Proposal Format

Proposals will set forth the total hours and dollar amounts, including out-of-pocket costs, for each engagement:

	Fiscal Year 2006-2007	
Services to be provided:	Hours	Amount
Audit of LCOG		
Hourly Fee for Additional Services		
Free Consulting Hours		
TOTAL FEE PROPOSAL FOR EACH FISCAL YEAR		

Rates for Additional Services

If it should become necessary for the District 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 the engagements, then such additional work shall be performed only if set forth in an addendum to the contract between LCOG and the selected audit firm. Any such additional work agreed to between LCOG and the firm shall be performed at the same rates set forth in the schedule of fees and expenses listed above.

Free Consulting Hours

List the number of hours your firm will provide each year, as part of the proposal fee and at no additional cost to LCOG, for audit, accounting and miscellaneous consulting services.

19. Audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.
21. Said Proposer meets the independence requirements of the American Institute of Certified Public Accountants and as defined by the Government Auditing Standards (1994 Revision) issued by the U.S. General Accounting Office. Additionally, the Proposer is independent of all of the components of LCOG as defined by those same standards.
22. The Proposer has examined all parts of this Request for Proposal, including all requirements and contract terms and conditions thereof, and, if its proposal is accepted, the Proposer shall execute a contract, which incorporates the stated requirements, proposal response and terms and conditions.
23. The Proposer is duly licensed by the Oregon Board of Accountancy as a Certified Public Accountant and Municipal Auditor.
24. The Proposer fully understands and submits its proposal with the specific knowledge that:
 - A. The selected proposal must be approved by the Executive Director.
 - B. In the event that the Proposer's proposal is accepted and receives all necessary approvals, the proposal will be incorporated into a contract containing general terms and conditions as provided in the Request for Proposal, and the Executive Director must approve the resultant contract.

The undersigned hereby certifies to the truth and accuracy of all statements, answers, and data contained in this proposal and application, and hereby authorizes LCOG to make any necessary examinations or inquiries in order to make a determination as to the qualifications and responsibility of the Proposer. The undersigned has examined all parts of this RFP and understands that it is completely discretionary with the Evaluation Committee whether to accept, reject, or negotiate its proposal submitted pursuant thereto.

Signature of Proposer: _____

Title: _____ Date: _____

III. PROPOSAL EVALUATION PROCEDURES

1. **PROPOSAL REJECTION**

LCOG reserves the right:

- A. to reject any or all proposals not in compliance with all public procedures and requirements.
- B. to reject any proposal(s) not meeting the specifications set forth herein.
- C. to waive any or all irregularities in proposals submitted.
- D. to consider the competency of proposers in making any award.
- E. to reject all proposals.
- F. to award any or all parts of any proposal.
- G. to request references and other data to determine responsiveness.

2. **SELECTION AND EVALUATION PROCESS**

The LCOG evaluation team will review all proposals. Following the verification of mandatory requirements being met, the proposals will be evaluated for their technical and fee proposal responses. Finalists will be selected to make a presentation of their proposal to the evaluation team. The scoring of proposals will be based on a 100 point scale. LCOG reserves the right to provide top ranked finalists an opportunity to provide a best and final offer.

The evaluation team shall express its opinion to the Executive Director on the professional acceptability of the recommended firm. The recommendation will then be presented to the LCOG Executive Committee for their consideration. Following affirmative Executive Committee action, the successful firm and LCOG will enter into a contract incorporating the terms and conditions of this RFP document and the proposer’s response.

3. **EVALUATION CRITERIA**

	CRITERIA	POINTS AVAILABLE
1.	The qualifications of the firm as demonstrated by its organizational history, clients presently served, extent of governmental and municipal audit work, and references.	20
2.	The expertise of staff as demonstrated by resumes of the partner in charge, audit manager, supervising auditor(s), and staff auditors assigned to this engagement.	20
3.	Description of the proposer’s approach to the scope of work	20
4.	Cost (fee schedule)	20
SUBTOTAL POINTS		80
Interview		20
TOTAL POINTS AVAILABLE		100

4. **PROPOSAL VALIDITY PERIOD**

Each proposal shall be irrevocable for a period of sixty (60) days from the Proposal Opening Date.

5. **PROTEST OF AWARD**

In accordance with ORS 279B.410, any adversely affected Proposer has five (5) calendar days from the date of the written notice of intent to award to file a written protest. The protest shall be address to Robert Swank, Associate Director, Lane Council of Governments, 99 East Broadway Suite 400, Eugene, Oregon 97401 and shall specify the grounds upon which the protest is based. The Associate Director will issue a written decision within seven (7) days of receipt of the written protest.

6. **RESERVATION IN EVALUATION**

The LCOG selection committee reserves the right to either: a) request "Best and Final Offers" from the two highest scoring vendors and award to the lowest priced or b) to re-assess the proposals and award to the vendor determined to best meet the overall needs of the District.

IV. CONTRACT GENERAL TERMS AND CONDITIONS

1. **GENERAL REQUIREMENTS**

All proposers are required to comply with the provisions of Oregon Attorney General's Model Public Contract Rules, and the LCOG Board Policy. LCOG reserves the right to reject any and all proposals received as a result of this request for proposal, or to negotiate separately with any source whatsoever in any manner necessary to serve the best interest of the LCOG. The contents of the proposal of the successful vendor(s) will become the contractual obligation, if a contract ensues. Failure of the successful vendor(s) to accept these obligations may result in cancellation of the award. The selected vendor(s) will be required to assume responsibility for all services offered in their proposal whether or not produced by them. Further, the vendor will notify LCOG of the designated person who will be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the contract.

2. **ORDINANCES, PERMITS, LICENSES**

The contractor shall keep fully informed of local ordinances, state and federal laws in any manner affecting the work herein specified. The proposer shall comply with said ordinances, laws, regulations, and protect and indemnify LCOG, its officers, and agents against any claim or liability arising from, or based upon, the violations of any such laws, ordinances, or regulations.

All permits, licenses, and inspection fees necessary for the manufacture and delivery of the requested items shall be secured and paid for by the proposer.

3. **WAIVER OF PROVISIONS**

Contractor agrees that the waiver, acceptance, or failure by LCOG to enforce any provisions, terms or conditions of this contract shall not operate or be construed as a waiver of prior or subsequent breaches or the right of LCOG to thereafter enforce such provisions.

4. **CANCELLATION**

This contract may be terminated by either party upon not less than sixty (60) calendar days written notice should the other party fail substantially to perform in accordance with the terms and/or conditions of this contract or any supplements thereof. This contract may also be terminated by LCOG in the event that the project is permanently abandoned.

5. **CONTRACT BREACH**

In the event of a breach by the proposer of any of the provisions of this contract, LCOG reserves the right to cancel and terminate this contract forthwith upon giving oral or written notice to the contractor.

6. DAMAGES

The proposer shall be liable for any damage to LCOG resulting from their refusal or failure to complete the work under this contract. Damages shall be those actually incurred and include the cost to obtain the contracted work elsewhere.

7. HOLD-HARMLESS AND INDEMNIFICATION

The proposer shall indemnify, defend, and hold LCOG, its officers, agents, and employees, harmless from any loss, claims, actions, liability, or costs, including attorney fees and other costs of defense, arising out of or in any way related to furnishing of supplies and/or services under this agreement and arising from the sole or joint negligence of the proposer, including any claim, loss or liability contributed to by LCOG's own negligence. This right of indemnification and to be held harmless shall be in addition to, and not in replacement of any other right that LCOG may have under any statute, under the common law, or under this contract.

8. INSURANCE

The proposer shall maintain in force for the duration of this agreement a Commercial General Liability, Automobile Liability (owned, non-owned and hired) Insurance policy(s) written on an occurrence basis with limits not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, and a Professional Errors and Omissions Liability policy with limits not less than \$1,000,000, naming LCOG, its employees, officials and agents as an additional insured as respect to work or services performed under this agreement. This insurance will be primary to any insurance LCOG may carry on its own.

Evidence of the above coverage issued by a company satisfactory to LCOG shall be provided to LCOG by way of a certificate of insurance before any work or services commence. A 30-day notice of cancellation or material change in coverage clause shall be included. Failure to maintain the proper insurance shall be grounds for immediate termination of this contract.

Workers' Compensation: The proposer shall provide and maintain workers' compensation coverage for its employees, officers, agents, or partners as required by applicable workers' compensation laws. The proposer shall provide a certificate of insurance to LCOG as evidence of coverage containing a 30-day notice of cancellation clause.

Equipment and Material: The proposer shall be responsible for any loss, damage, or destruction of its own property, equipment, and materials used in connection with the work.

Subcontractors: The proposer shall require all subcontractors to provide and maintain general liability, auto liability, professional liability (as applicable), and workers' compensation insurance with coverages equivalent to those required of the general proposer in this contract. The proposer shall require certificates of insurance from all subcontractors as evidence of coverage.

Exception or Waivers: Any exception or waiver of these requirements shall be subject to review and approval from LCOG's Associate Director.

9. LIENS, CLAIMS, OR ENCUMBRANCES

The proposer warrants and represents that all the goods and materials contained herein are free and clear of all liens, claims, or encumbrances of any kind whatsoever.

11. LCOG PERSONNEL

No officer, agent, consultant, or employee of LCOG shall be permitted any interest in the contract.

12. **CONTRACT ALTERATIONS**

No alteration in any of the terms, conditions, time, delivery, price, quality, quantities, or specifications will be effective without the prior **WRITTEN** consent of LCOG.

14. **NON-DISCRIMINATION CLAUSE**

The Proposer agrees not to discriminate against any client, employee or applicant for employment or for services, because of race, color, religion, sex, national origin, physical or mental handicap, sexual orientation or age unless based upon bona fide occupational qualifications with regard to, but not limited to, the following: employment up-grading, demotion or transfer; recruitment or recruitment advertising; layoffs or termination; rates of pay or other forms of compensation; selection for training; and/or rendition of services. .

15. **RECYCLABLE PRODUCTS**

Vendors shall use recyclable products to the maximum extent economically feasible in the performance of the contract work set forth in this document ORS 279B.280.