

ADVERTISEMENT  
REQUEST FOR AUDIT PROPOSALS  
CITY OF GRAND ISLAND, NEBRASKA

Sealed proposals will be received by the City Clerk, City Hall until **4:00 pm** (local time) on **January 24, 2013** for furnishing Audit services for the City of Grand Island Financial Statements. If interested, submit five (5) copies of the required information to City Clerk, City Hall, 100 East First Street, Grand Island, NE 68801 or PO Box 1968, Grand Island, NE 68802-1968. Proposals received after the specified time will be returned unopened to sender. Proposals must be based on the City's Request for Proposals. Contact the Finance Department at (308) 385-5444 ext. 169 for further information.

The award winning offeror will be required to comply with the City's insurance requirements.

Proposals will be evaluated based upon qualifications, previous experience of similar scope, contract terms and conditions, cost and adherence to schedule. The City of Grand Island reserves the right to refuse any or all proposals and to select the proposal deemed to be in the City's best interest, at its sole discretion.

RaNae Edwards, City Clerk

## REQUEST FOR AUDIT PROPOSALS

### 1. INTRODUCTION

The City of Grand Island, Nebraska, a City of the first Class, is requesting proposals from qualified firms of Certified Public Accountants licensed to practice in the State of Nebraska to perform an audit of The City of Grand Island financial statements for the fiscal year ending September 30, 2013, with the option of auditing the City's financial statements for each of the four (4) subsequent fiscal years. This shall include three (3) separate reports. There shall be a separate report for the city's basic financial statements as well as a report for the Electric Department and a report for the Water Department.

**SUBMISSION DATE: January 24, 2013**  
(Proposals received after **4:00 P.M.** on this date **WILL NOT** be considered.)

If interested, submit five (5) bound and sealed copies of the required information to City Clerk, City Hall, 100 East First Street, Grand Island, NE 68801 or PO Box 1968, Grand Island, NE 68802-1968 by 4:00 P.M. on January 24, 2013. Proposals should be in envelopes and marked on the outside "Audit Proposal". Proposals received after that time and date will not be considered. Oral, telephone, or facsimile proposals will not be considered.

The City of Grand Island has a population of nearly 49,000, approximately 560 full-time and part-time employees and a 2012-2013 budget totaling approximately \$184,000,000. The City of Grand Island's fiscal year begins on October 1<sup>st</sup> and ends on September 30<sup>th</sup>. The person designated as the official City Representative for this selection process is:

Jaye Monter  
City Finance Director  
P.O. Box 1968  
100 East First Street  
Grand Island, NE 68802  
(308) 385-5444 ext. 169

Please contact Ms. Monter if you have questions, require additional information, or need clarification of any material contained in this document. It is your responsibility to insure your complete knowledge and understanding of our requirements.

2. **DESCRIPTION OF CURRENT ACCOUNTING SYSTEM**

The City of Grand Island accounting system for city operations is organized and operated in conformity with accounting principles generally accepted in the United States of America, with the U.S. Office of Management, Budget Circular A-133 and the Governmental Accounting Standards Board, Governmental Accounting and Financial Reporting Standards, as amended. The accounting records for city operations are maintained using the cash method of accounting. The budgeted amounts are annually approved by the Mayor and City Council. The city operations ledgers are maintained part manual, but largely computerized using an integrated Financial Software System.

The City of Grand Island's accounting system for utility operations is organized and operated in conformance with the Federal Energy Regulatory Commission, (FERC) Uniform System of Accounts, effective April 1, 1973. The accounting records for electric and water operations are maintained using the accrual method of accounting. The budgeted amounts are annually approved by the Mayor and City Council.

The Finance Department consists of a Finance Director, Senior Accountant, Utility Services Manager, Utility Accountant, and a staff of twenty one (21).

3. **REQUIRED SERVICES.**

The audit examination, audit report, and management letter for the fiscal year ending September 30, shall be completed, filed and available for distribution by the City of Grand Island no later than January 28<sup>th</sup>, 120 days after the close of the fiscal year.

The audit will be made in accordance with generally accepted auditing standards including but not limited to the standards for financial and compliance audits contained

in the Governmental Auditing Standards, issued by the Comptroller General of the United States, current edition, the Federal Single Audit Act of 1984, and the provisions of the Office of Management and Budget (OMB), Cir. A-133, Audits of States, Local Governments and Non-profit organizations. The audit examination will also include tests for compliance with applicable laws and regulations of the Grand Island City Code and pertinent laws and regulations of the State of Nebraska governing accounting and financial management of cities of the first class.

4. **INTERNAL ASSISTANCE.**

The Finance Director, along with available staff as needed, will provide all possible assistance, will respond promptly to requests for information, and will provide opportunities to inspect physical facilities and records as requested to help you adequately prepare for your proposal. Previous audits of the City of Grand Island, city operations, as well as separate reports for the City of Grand Island Electric Utility and City of Grand Island Water Utility, were conducted by Almquist, Maltzahn, Galloway & Luth P.C., Grand Island NE, Certified Public Accountants.

Copies of previous audit reports are available for inspection in the office of the Finance Director during the City's regular business hours.

The Finance Department will provide detailed trial balances, supporting schedules, and financial statements for city, electric, and water operations for your use. Prior years working papers will be made available for your inspection upon request.

The city's legal counsel will be available on an as needed basis for auditing purposes. The City Attorney will issue a representation letter concerning the status of legal action in progress, threatened litigation, and actual or contingent liabilities. The Finance Director will issue a representation letter and will address unrecorded liabilities, pledged assets, contingencies, and liabilities.

The City will provide adequate physical facilities to the selected auditing firm during the duration of the audit. Copiers will be available for the selected auditing firm's use in connection with this audit at no charge.

5. **AGREEMENT ARRANGEMENTS.**

The agreement for the foregoing audit will terminate following submission of reports and letters set forth above. Prior to submission of the audit reports and management letters, the selected auditing firm will be required to review draft copies with the Finance Department staff. The selected auditing firm must retain its working papers for a period of at least four (4) years and the working papers must be available for examination by authorized representatives of the City of Grand Island, the General Accounting Office, the State Auditor's office and appropriate Federal auditing agencies.

The City of Grand Island reserves the right to reject any and all proposals submitted and to request additional information for all proposers. The Mayor and City Council will award a contract to the firm which it deems is professionally qualified to perform all of the requirements contained in the RFP after consideration and evaluation of all proposals submitted, including due consideration to the proposed cost of service fee. No extended services will be performed unless they are authorized in an amendment to the agreement. The selected auditing firm may submit progress billings prorated based upon satisfactory execution of audit work performed. A one (1) year contract is contemplated with the option to continue the contract annually at the agreement of both parties.

6. **TIME SCHEDULE.**

The following time schedule concerning the proposal and selection process and audit work is for your information and should be taken into consideration as you prepare your proposal. The dates and times are firm unless waived by the appropriate contact person in writing due to unforeseen circumstances.

- a. RFP's will be mailed to perspective qualified audit firms on or about December 18, 2012.
- b. Public notice inviting proposals from qualified audit firms will be published in the Grand Island Daily Independent and Omaha World Herald commencing on or about December 21, 2013.

- c. Submission of proposals is due by 4:00 pm on January 24, 2013 in accordance with this RFP.
- d. Written proposals received will be evaluated from January 25 through approximately February 15, 2013.
- e. Preliminary audit work is expected to commence upon approval by Mayor and City Council.

7. **AUDIT REPORT AND MANAGEMENT LETTER REQUIREMENT.**

The audit report and management letter shall be addressed to the Mayor and City Council of the City of Grand Island and shall include all of the financial statements in a practical and useful format. The audit report shall state that the audit was made in accordance with the provision of the Office of Management and Budget, Cir. A-133. The audit report shall include the auditor's opinion on the financial statements and the schedule of Federal Assistance showing total receipts and expenditures for each Federal Assistance Program in which the City of Grand Island participates. The audit report shall include the auditor's opinion on the study and evaluation of internal control systems, those controls designed to provide reasonable assurance that Federal Programs are being managed in compliance with laws and regulations and shall identify material weaknesses disclosed as a result of the evaluation.

The audit report shall include an auditor's report on compliance containing:

- a. A statement of positive assurance with respect to those items tested for compliance, including compliance with laws, rules, and regulations pertaining to non-major programs and other items which could have a material effect on financial reports and claims for advances and reimbursements. In addition, the report must disclose any non-compliance with laws and regulations that may have a material effect on each major Federal assistance program.
- b. A statement of negative assurance on those items not tested.
- c. A summary of all instances of non-compliance.
- d. The identification of total amounts of costs questioned, if any, for each Federal assistance program as a result of non-compliance.

The management letter shall include statements of audit findings and recommendations affecting the financial statements, internal controls, general accounting, accounting systems including computer programs, legality of actions and other material matters. Any instances of fraud, waste or illegal acts, or indications of such, including all questioned costs, must be covered by separate written reports to the Federal Department or Agency which provided the Federal assistance funds.

8. **AUDIT MANAGEMENT.**

If during the performance of the audit, the selected auditing firm concludes an unqualified opinion cannot be issued, the auditing firm must immediately notify the Mayor, City Administrator, and Finance Director of all matters which preclude issuance of an unqualified opinion. In order to enable the City of Grand Island to maintain a high level of accounting and auditing excellence, the selected auditing firm will be expected to assist and advise the City concerning mandatory or recommended modifications to the management system and accounting system. Final exit conference will be held with the Finance Director.

9. **PROPOSAL REQUIREMENTS.**

Those qualified audit firms responding to this RFP are required to submit their proposal in the following format:

- a. **DEADLINE:** Five (5) bound and sealed copies are to be delivered to RaNae Edwards City Clerk, P.O. Box 1968 or City Hall, 100 East First Street, Grand Island, NE 68802 by **4:00 p.m. on January 24, 2013**. Proposals shall be in envelopes and marked on the outside "Audit Proposal". Proposals received after that time and date will not be considered. Oral, telephone, or facsimile proposals will not be considered.
- b. **TITLE PAGE.** The proposal shall contain a title page showing the name of your firm, local address of the office that will be performing the work, name of the contact person, telephone number, and the date of the proposal.

- c. **TABLE OF CONTENTS.** The proposal shall contain a table of contents setting forth sections and page numbers.
- d. **TRANSMITTAL LETTER.** A brief transmittal letter is required which shall include the following:
  - I. Your firm's understanding of the work to be accomplished.
  - II. That upon award of this contract, your firm will make a positive commitment to perform the audit work within the scheduled time periods.
  - III. A summary of the cost of service fees to be charged for the work and a statement that these fees are fixed, complete, and inclusive.
  - IV. The names of the persons who will be authorized to make representations for your firm, their title, address, and telephone number.
  - V. A statement that the signatory of the transmittal letter has authority to bind your firm.
  - VI. Whether you wish to be considered for the audit of the City's basic financial statements, the audits of the Electric and Water financial statements, or both audits.
- e. **COMPANY PROFILE.**

A profile of your firm is required as part of the proposal. The profile statement shall present the following information:

  - I. Whether your firm is local, regional, national, or international. Grand Island Ordinance No. 6177, Sec. 7.11 requires that a "nationally recognized firm of independent certified public accountants" perform audits with respect to the Electric and Water utility operations. Therefore, proposals submitted by local and regional firms must state that said firms are affiliated for purposes of the audit of utility operations with a nationally recognized firm of independent certified public accountants which will submit the audit report and management letter.
  - II. The location of the office from which this audit is to be completed and a description of the professional staff employed at that office.



- III. A description of the range of services provided by the office performing this audit.
- IV. A listing of other similar governmental audits performed by your firm within the Nebraska and Kansas area and a listing of other current governmental auditing engagements.
- V. An affirmation that your firm is licensed to practice as certified public accountants in Nebraska.
- VI. An affirmation that your firm meets the independence requirement of the Government Auditing Standards, as revised, published by the United States General Accounting Office.
- VII. An affirmation that your firm does not have a record of substandard audit work.

f. **SUMMARY OF FIRM'S QUALIFICATIONS.**

A summary of your firm's qualifications is required, including the identity of all senior administration staff, supervisory staff, and staff level personnel that will be assigned to this audit.

g. **APPROACH TO EXAMINATION.**

A statement of approach to the examination is required. Within this statement, present your firm's plan to complete the scope of services defined in Sections 3 and 7 of this RFP. Incorporate into this plan, estimates of the amount of time to accomplish each significant segment of the engagement and the staff levels to be assigned to those segments. Where specialists are to be utilized, indicate such.

Include a total of the estimated work hours required to complete the scope of services.

The statement should affirm that the examination will be performed in accordance with generally accepted auditing standards as well as the specific standards referred to herein. It should also state that your firm will perform necessary procedures to test compliance with auditing standards of Federal and State Agencies and other

applicable standards. No extended services will be performed unless they are authorized in compliance with the contracted agreement or amendments to the agreement.

**h. PROPOSED COST OF SERVICE FEE.**

The bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal for one year and subsequent years. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. These costs should be identified

as

to whether they pertain to the city's basic financial statement or the Electric Department statement or the Water Department statement.

**i. ADDITIONAL DATA.**

Your proposal should include any additional data, which you deem relevant to your qualifications, needed to perform the audit described in this RFP.

**j. CONTRACT AGREEMENT.**

Your proposal should include a copy of proposed contract agreement.

**10. EVALUATION METHOD.**

The Selection Committee will review all proposals received pursuant to this RFP. Members will review the proposals independently and then meet to form a consensus rating of all proposals received.

The Proposals shall be evaluated with the following weighted considerations:

- Qualifications of personnel to be assigned to the project (20%)
- Previous experience with projects of a similar scope (20%)
- Proposed contract terms and conditions (15%)

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- Proposed cost (20%)
- Proposed approach and scope of services (15%)
- Adherence to schedule as outlined in this RFP (10%)

The Selection Committee will evaluate the proposals and prepare a recommendation to be submitted to the Mayor and City Council of the City of Grand Island, who are ultimately responsible for the selection of the auditing firm to perform the audit described in this RFP.