

RESOLUTION NO. 942

A RESOLUTION AWARDDING A CONTRACT TO PERFORM AN AUDIT OF THE CITY OF WILSONVILLE'S FINANCIAL STATEMENTS FOR FY 1991-1992.

WHEREAS, the City of Wilsonville has completed it's prior contract period authorizing an annual audit of the City's financial records; and

WHEREAS, the City advertised for requests for proposals to perform the City's audit and all proposals submitted to the City have been reviewed and evaluated by staff, a summary of which is set forth in Finance Director Shorten's memorandum recommending award of contract to Coopers & Lybrand, attached hereto as Exhibit "A", and incorporated by reference herein; and

WHEREAS, the City of Wilsonville desires to execute an award of contract for the annual audit; and

WHEREAS, adequate funds are budgeted in the current budget for this audit.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. An award of a contract for audit of the City of Wilsonville's financial records for fiscal year 1991-92 to the firm of Coopers & Lybrand, Portland, OR for \$ 12,950 with two one-year options of continuing the audit contract for each of the two subsequent fiscal years contingent upon staff approval and a fee increase no greater than any increase in the Portland/Metro area C.P.I. is hereby approved.
2. The City Manager is authorized to enter into an audit contract with Cooper & Lybrand in keeping with the above.

ADOPTED by the Wilsonville City Council at a regular meeting thereof this 3rd day of August, 1992 and filed with the City Recorder this date.


GERALD A. KRUMMEL, Mayor

ATTEST:

Vera A. Rojas
VERA A. ROJAS, CMC/AAE, City Recorder

SUMMARY OF VOTES:

Mayor Krummel	<u>AYE</u>
Councilor Carter	<u>AYE</u>
Councilor Chandler	<u>AYE</u>
Councilor Lehan	<u>AYE</u>
Councilor Van Eck	<u>AYE</u>

EXHIBIT "A"



City of
WILSONVILLE
in OREGON

3000 SW Town Center Loop E
Wilsonville, Oregon 97070
FAX (503) 682-1015
(503) 682-1011

TO: HONORABLE MAYOR & CITY COUNCIL

FROM: RAY SHORTEN, FINANCE DIRECTOR

DATE: JULY 28, 1992

RE: AWARD OF CONTRACT FOR 91-92 FY AUDIT

Staff has recently completed the process of publishing and advertising an RFP, a copy of which is attached, for the annual City audit. Because we wanted to obtain an acceptable level of participation from the Metro area and surrounding area audit firms, we went through a formal RFP process.

Because of the complexity of the service to be provided by the audit firm, the cost of the audit was not the main qualification used to evaluate each proposal to determine which vendor best met the City's overall needs. Evaluation was weighted 80% meeting performance criteria and 20% price.

We received a total of twelve responses to the RFP. The firms submitting a proposal are listed below with their applicable price quotations. Due to the volume of paper involved, I am not including other criteria submitted as a part of their proposal.

FIRM NAME	PRICE QUOTATION
Merina & McCoy	\$12,900
Culp, Russell, & Co., P.C.	8,750
Pauly, Rogers & Co., P.C.	11,000
Faler, Grove & Mueller, P.C.	8,500
Nixon, Abbey & Co., P.C.	7,100
Kent & Snow	13,635
Dennis R. Conner, CPA	6,800
Price Waterhouse	15,500

Gregor Professional Corp.	10,500
Nygaard Mims & Hoffman, P.C.	13,000
Coopers & Lybrand	12,950
Grant Thornton	11,025

This was not an easy decision, as the proposals were competitive. However, the firms who had serviced the greatest number of municipalities and maintained the broadest staffing level narrowed the selection to two vendors: Coopers & Lybrand and Grant Thornton.

In arriving at a final vendor choice, we gave weight to the fact that Coopers & Lybrand is currently under contract with the City utilizing a consultant contract to evaluate the Finance Department's financial information system, organization, staffing level, etc. We believe that this evaluation will provide them with a better understanding of the way the City has functioned and thus give them a little more insight into the 91-92 audit.

Recommendation:

We recommend the FY 91-92 Audit be awarded to the firm of Coopers & Lybrand of Portland for a fee of \$12,950.

CITY OF WILSONVILLE REQUEST FOR PROPOSALS

GENERAL INFORMATION

The City of Wilsonville is requesting proposals from qualified firms of certified public accountants to examine its financial statements for the fiscal year ending June 30, 1992, with the option of examining those statements for each of the two subsequent fiscal years. It is the intent of the City of Wilsonville to negotiate a three (3) year contract with the second and third year contingent upon successful completion of the first year of the contract as determined by the City. If the contract is satisfactorily carried through for the three (3) years, the engagement may be renewed for another two (2) years at the option of the City. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) Government Auditing Standards (1988), the provisions of the federal Single Audit Act of 1984 and the U.S. Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments.

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

To be considered, three copies of a proposal must be received at the Office of the Finance Director, City of Wilsonville at 30000 SW Town Center Loop E, Wilsonville, OR 97070, by 5:00 P.M. Pacific Standard Time, Monday, July 6, 1992.

All proposals are to be delivered in the two-envelope format. One envelope shall contain the proposal and shall be so marked. The second envelope shall contain the audit fees and shall be so marked. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses. All envelopes should be sealed. The City reserves the right to reject any or all proposals submitted.

The City of Wilsonville 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, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Wilsonville 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.

In case of any doubt or difference of opinion as to the items to be furnished hereunder or the interpretation of the provisions of this RFP, the decision of the City shall be final and binding upon all parties.

TERM OF ENGAGEMENT

A three (3) year contract is contemplated with provision for a two (2) year renewal, subject to the annual review and recommendation of the City Finance Department, the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), the concurrence of the City Council and the annual availability of an appropriation.

PROPOSAL AWARD SCHEDULE

June 17, 1992	Public Notice of Intent
July 6, 1992	Proposals Due
To Be Announced as Needed	Presentations/Interviews
July 20, 1992	Contract Awarded by Wilsonville City Council

AUDITING STANDARDS TO BE FOLLOWED

The Comprehensive 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) as appropriate. The auditor's opinion will be directed toward the fairness of presentation of the financial statements in accordance with GAAP. The auditor will also provide compliance reports as required under Federal and State laws.

SCOPE OF WORK

The scope of the audit should be planned so as to preclude the necessity of exceptions arising from scope limitations and should be sufficient to enable the auditor to issue management letters. The scope of the audits, as detailed in a formal Audit Plan, will be reviewed and approved by the City Finance Director.

Year-end account combinations and combined financial statements shall be the responsibility of the auditing firm and the cost of preparing such financial statements shall be included in the audit fee. The audit firm shall also produce GAAP-based financial statements for each individual fund.

The City is responsible for closing the books, preparing trial balances, reconciling bank accounts and performing other management functions. The following information and work-papers will be furnished in conjunction with the audit engagement:

1. Expenditure and revenue reports with year-to-date totals summarizing all transactions for each line item within each fund; a year-to-date general ledger detailing all transactions for each fund. Detail by source of transactions for each line item is available on-line through the data processing system.
2. Bank reconciliations for all checking accounts that are subject to this audit.
3. Detailed reconciling records or lists of: interest income, assessments, utility billing, payroll, accounts payable and receivable, interfund liabilities, grant activity fixed assets and debt payments as of June 30 of each fiscal year.

DESCRIPTION OF THE GOVERNMENT

The City of Wilsonville, Clackamas and Washington Counties, Oregon, was incorporated as a municipal corporation in 1969. The government of the City is vested in a City Council and a Mayor. The Council is composed of five council members elected at large for four year staggered terms. The Mayor is elected to serve a term of four years. The City Manager is appointed by the City Council and is responsible for all City functions. All financial records are maintained by the Finance Department.

The City employs approximately 88 full-time equivalent employees under the direction of the City Manager. The total budget for the entire City of Wilsonville for 1991-1992 is \$21,170,204. The City's budget structure incorporates 26 funds, including governmental, proprietary and fiduciary funds and is organized in the following departments:

<u>FUND</u>	<u>DEPT</u>	<u>DESCRIPTION</u>
100		General Fund
	20	Administration
	21	Finance
	24	Library
	25	Non Department
	30	Building
	35	Community Center
	40	Planning
	45	Parks & Recreation
200		Sewer Regular
250		Sewer Reserve
260		Sewer Systems
300		Water Regular
330		Water Construction
350		Water Reserve
360		Water Systems
450		Park Reserve
460		Park Systems
500		Systems Development
560		Systems Storm Sewer
700		Road Fund
760		Roads Systems
800		Debt Service
900		Street Lights
1002		LID #2 & 3
1004		LID #4
1005		LID #5
1007		LID #7
1009		LID #9
1010		LID #1010
1100		Capital Projects
1200		Fleet Services
1300		Community Development
1400		Transit System

REPORTS REQUIRED

The following reports are expected at the completion of the audit and in the quantities, form and times indicated. Copies of these reports will be available and may be requested from the Accounting Supervisor by calling (503)682-1011.

Comprehensive Annual Financial Report (CAFR) Of The City

A report on the examination of the combined financial statements and related notes thereto. These statements include the various operations of the City and auditor comments and disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations.

The combining, individual fund and account group financial statements and schedules, as listed in the supplementary data section of the City's CAFR, are to be examined "in relation to" the general purpose financial statements.

The audit firm shall submit a preliminary draft of the CAFR, including auditor comments and disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations by November 1, 1992, for review. The auditor will print 25 copies and assemble the CAFR by November 15, 1992. Each year, the schedule will be reviewed and adjusted if appropriate.

Report On The Single Audit (if needed)

A report on the results of a single audit of the City's grants-in-aid is required by the Uniform Single Audit Act of 1984 and OMB Circular A-128, "Audits of State and Local Governments." City staff will provide a schedule of grant activity; however, the audit firm is expected to prepare the Schedule of Federal Assistance reconciled to the City's financial statements.

The audit firm shall submit a preliminary draft of the single audit report by November 1, 1992, for review and comments. The audit firm will prepare and deliver 25 copies of the final report, with management's responses to the findings and recommendations no later than November 15, 1992.

The report on the single audit shall include at least:

1. The audit firm's opinion on the financial statements and the Schedule of Federal Assistance. The Schedule of Federal Assistance shall show total expenditures for each Federal assistance program as identified in the Catalog of Federal Domestic Assistance and all other Federal programs and grants which have not been assigned catalog numbers;
2. The audit firm's report on the study and evaluation of internal control systems. The report must identify the City's significant internal accounting controls, and those controls designed to provide reasonable assurance the Federal programs are being managed in compliance with applicable laws and regulations. This report must also identify those controls which were not evaluated, and any material weaknesses identified as a result of the evaluation; and

3. The audit firm'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 firm's report must disclose whether the City has complied 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 noncompliance.
 - d. An identification of total amounts of costs questioned, if any, for each Federal Assistance award, as a result of noncompliance.
 - e. Other statements or reports to satisfy State and local government's requirements.

If the audit firm finds indications of fraud, waste and illegal acts, or questioned costs, a separate written report to the funding agency is required.

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 auditor during the course of the examination. Such recommendations shall not be construed as special or additional studies, but shall be limited to those usually associated with the study of internal control systems and procedures as a part of an examination of financial statements. The recommendations will be discussed with appropriate City officials prior to publication where deemed appropriate.

TECHNICAL ASSISTANCE

As a part of the overall audit contract, the City expects to receive from the audit firm a variety of technical assistance throughout the fiscal year. This assistance would include answers to accounting, reporting, or internal control questions.

ADDITIONAL SERVICES

Proposals should 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 the City during the year. Because of variations in the demand for additional services, such work will be contracted for, provided, and billed separately to the City on an hourly basis. Proposals should describe the types of services available from the firm, the professionals who would provide them and the standard hourly fees to be charged for such services.

Any unusual conditions encountered during the course of the audit where services of the auditing firm must be extended beyond the normal work anticipated will require written notification to the Finance Director, who will respond in writing concerning the additional services.

EVALUATION OF PROPOSALS

Proposals will be evaluated to determine which one best meets the needs of the City of Wilsonville. After meeting the mandatory requirements, the proposals will be evaluated on both their technical and cost aspects. Heavy weighing will be given to experience. This will include the firm's direct experience in similar sized cities in Oregon. In addition, the direct experience of the audit team members in the above areas will also be heavily weighted. The lowest cost proposal will not necessarily receive the contract if experience is weak.

Mandatory Requirements

There are three requirements that the audit firm must meet to enable the proposal to be evaluated further:

1. The audit firm is properly licensed for public practice as an independent auditor and qualifies as a municipal auditor in the State of Oregon;
2. The audit firm must meet the independence standards of the GAO Standards for Audit of Governmental Organizations, Programs, Activities and Functions, 1981 revision;
3. The audit firm must be certified as an EEO Affirmative Action Employer.

Technical Requirements

The technical evaluation of all qualifying proposals will represent 80 percent of the evaluation process and score. Address the following points to be considered in the technical evaluation:

1. Describe how you would approach the audit, including the manner in which you intend to use computer-assisted auditing procedures, statistical sampling techniques and specialized governmental audit programs.
2. Describe the procedures followed in the technical review of audit reports prior to their issuance by qualified personnel independent of the audit engagement personnel.
3. Identify the local office partners, manager and key staff members who would be assigned to the audit. Describe their roles and provide a brief description of their professional experience, including experience in governmental and auditing.
4. Explain how you would propose to use city personnel, if at all, to assist you during the audit, and indicate the approximate time requirement.
5. Describe your firm's personnel development program and your continuing professional educational requirements. Identify specialized programs in the area of municipal accounting and auditing.

6. Describe the experience and knowledge which your firm and local office have in performing examinations in accordance with the provisions of the Single Audit Act.
7. Describe your firm's capability and experience in providing management consulting services to local government units and identify your local office consultants who would provide such services.
8. Comment on your firm's ability to provide constructive suggestions for improving the city's internal accounting controls and administrative procedures.
9. Identify your firm's current municipal auditing engagements and indicate which accounts have been served within the last five years.
10. Estimate the hours associated with your primary requirement to perform an examination of the financial statements and supplemental information for all funds included in the City's Comprehensive Annual Financial Report and your requirements to perform an examination in accordance with the Single Audit Act, for the year ending June 30, 1992. Also estimate the percentage of this work that will be performed on-site.
11. Estimate the maximum fee associated with your examination and project a maximum annual percentage of increase which can be expected for the next two fiscal years. Indicate the method to be used each year to adjust the audit fee. Include your firm's billing rates for all applicable classifications of professional personnel, as the city may require additional billable services.
12. Describe the method you would use in charging for any special requests, reports or broadening of the scope.
13. Submit a sample of management reports that you have lately issued covering an audit, preferably of an Oregon municipality which have similar services and comparative size to the City of Wilsonville.
14. Provide any other information which you believe will assist the City in making its selection.

Cost Evaluation

The evaluation of the proposed fee of all qualifying proposals will represent twenty percent of the evaluation process and score and will consider the overall cost and the proposed audit hours. Both of these factors are important in evaluating the reasonableness of the fee and the proposer's understanding of the audit time requirements.

CONTRACT TERMINATION

Either party may cancel the written contract by giving notice, in writing, to the other Party at least sixty (60) days prior to July 1 of each year.