

MEMORANDUM

TO: Honorable Mayor & City Council Members

FROM: Debbie Renner, City Clerk

DATE: August 25, 2009

SUBJECT: **Request for Proposals for Auditing Services**

PURPOSE:

To issue a "Request for Proposals" (RFP) for auditing services in conjunction with the preparation of the City's Comprehensive Annual Financial Report (CAFR).

BACKGROUND:

Since 2000, the City has contracted with the Certified Public Accounting firm of Greene Dycus & Co. to perform the annual audit. The current contract was for services through the fiscal year ending September 30, 2008 and it was your direction that a solicitation be prepared for this service for the fiscal year ending September 30, 2009.

Chapter 12.3 of the City's code governs purchasing procedures and Section 12.3-27 specifically governs contracting for independent auditing services. A copy of this Section of the code is attached for your reference.

Section 12.3-27(b)(1) provides that the City Council shall serve as the City's "Auditor Selection Committee". In this capacity, it is the responsibility of the City Council to issue an RFP and select a firm to perform the audit in accordance with the requirements of applicable sections of the code.

An RFP has been prepared for your discussion and/or approval. Once the format of the RFP has been approved, a solicitation for bids will be issued in the form of an advertisement on the City's website, a direct mailing to CPA firms within Volusia County, and an advertisement in both the Orlando Sentinel and the Daytona Beach News Journal.

RECOMMENDATION:

It is recommended that the City Council approve an RFP and authorize a solicitation for independent auditing services.

Sec. 12.3-27. Contracting for independent auditing services.

- (a) *Authority.* Independent auditing services shall be procured in accordance with the selection procedures specified in this section.
- (b) *Selection procedure.*
 - (1) The city council shall serve as the city's auditor selection committee.
 - (2) The committee shall prepare the request for proposals and publicly announce, in a uniform and consistent manner, each occasion when auditing services are required to be purchased. Public notice must include a general description of the audit and must indicate how interested certified public accountants can apply for consideration.
 - (3) The committee shall encourage firms engaged in the lawful practice of public accounting who desire to provide professional services to submit annually a statement of qualifications and performance data.
 - (4) Any certified public accountant desiring to provide auditing services must first be qualified pursuant to law. The committee shall make a finding that the firm or individual to be employed is fully qualified to render the required services. Among the factors to be considered in making this finding are the capabilities, adequacy of personnel, past record, and experience of the firm or individual.
 - (5) The committee shall adopt procedures for the evaluation of professional services, including, but not limited to, capabilities, adequacy of personnel, past record, experience, results of recent external quality control reviews, proposed fees for the performance of the services desired, and such other factors as may be determined by the committee to be applicable to its particular requirements.
 - (6) The committee shall evaluate current statements of qualifications and performance data on file with the selection committee, together with those that may be submitted by other firms regarding the proposed audit, and shall conduct discussions with, and may require public presentations by, no fewer than three firms regarding their qualifications, approach to the audit and ability to furnish the required services.
 - (7) The committee shall select no fewer than three firms deemed to be the most highly qualified to perform the required services after considering such factors as the ability of professional personnel; past performance; willingness to meet time requirements; location; recent, current and projected workloads of the firms; proposed fees for the performance of the services desired; and the volume of work previously awarded to the firm by the city, with the object of effecting an equitable distribution of contracts among qualified firms provided such distribution does not violate the principle of selection of the most highly qualified firms. If fewer than three firms desire to perform the services, the committee shall recommend such firms as it determines to be qualified.
 - (8) If the committee receives more than one proposal for the same engagement the committee may rank, in order of preference, the firms to perform the engagement. The firm ranked first may then negotiate a contract with the

committee giving, among other things, a basis of its proposed fee for that engagement. If the committee is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the committee shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The Committee, in negotiating with firms, may reopen formal negotiations with any of the three top-ranked firms, but it may not negotiate with more than one firm at a time. The committee shall also negotiate on the scope and quality of services. In making such determination, the committee shall conduct a detailed analysis of the cost of the professional services required in addition to considering their scope and complexity.

- (9) After the committee negotiates a satisfactory contract with any of the selected firms, the contract shall be placed on the city council agenda for acceptance and approval. The firm receiving the award shall execute a truth-in-negotiation certificate stating that the rates of compensation and other factual unit costs supporting the compensation are accurate, complete, and current at the time of contracting. Such certificate shall also contain a description and disclosure of any understanding that places a limit on current or future year's audit contract fees, including any arrangements under which fixed limits will not be subject to reconsideration if unexpected accounting or auditing issues are encountered. Such certificate will also contain a description of any services rendered by the certified public accountant or firm of certified public accountants at rates that are not customary.

(Ord. No. 153, § 1, 7-8-03)

Greene, Dycus & Co., P.A. Certified Public Accountants

205 North Elm Ave., P.O. Box 729, Sanford, FL 32772-0729

407-322-0561 / Fax: 407-322-0663 / E-mail: gdcus@bellsouth.net / www.greene-dycus.com

Member: American Institute of Certified Public Accountants

Member: Florida Institute of Certified Public Accountants



COPY

June 21, 2006

Mr. John McCue, City Manager
City of Orange City, Florida
205 East Graves Avenue
Orange City, Florida 32763

We are pleased to confirm our understanding of the services we are to provide for the City of Orange City, Florida for the years ended September 30, 2006, 2007 and 2008.

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the entity's basic financial statements, of the City of Orange City as of and for the years ended September 30, 2006, 2007 and 2008. The document we submit to you will include the following supplementary information required by generally accepted accounting principles that will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Budget to Actual Comparison – General Fund.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City of Orange City and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on 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 as required by *Government Auditing Standards*. This report will include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal control and for compliance with laws, regulations, contracts, and agreements. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

James R. Dycus, C.P.A.
William T. Royster, C.P.A.

Jack I. Greene, C.P.A. (Ret.)
Roger D. Bowen, C.P.A. (Ret.)

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will advise you in the preparation of your financial statements, but the responsibility for the financial statements remains with you. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud, or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud, or illegal acts affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report

As part of the audit, we will prepare a draft of your financial statements and related notes. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse. Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Identifying and ensuring that the City of Orange City complies with laws, regulations, contracts, and agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Orange City's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit Procedures—Internal Controls

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinion on the City of Orange City's financial statements.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We will also inform you of any nonreportable conditions or other matters involving internal control, if any, as required by *Government Auditing Standards*.

Audit Administration, Fees, and Other

We understand that your employees will provide assistance in preparing schedules and confirmations and address any issues on an on-going basis.

The workpapers for this engagement are the property of Greene, Dycus & Co., P.A. and constitute confidential information. However, we may be requested to make certain workpapers available to certain regulatory agencies pursuant to authority given to them by law or regulation. If requested, access to such workpapers will be provided under the supervision of Greene, Dycus & Co., P.A. personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to certain regulatory agencies. The regulatory agencies may intend, or decide, to distribute the photocopies of information contained therein to others, including other governmental agencies.

Our fee for these services will be at our standard rate plus out-of-pocket costs (such as report reproduction, typing, postage, travel, copies, telephone, etc) except that we agree that our gross fee, including expenses, will not exceed \$22,900 for the year ended 2006. The 2007 and 2008 audits will be billed at the same rate plus an inflation adjustment based upon the consumer price index. Our standard hourly rates (currently ranging from \$75 - \$165 per hour) vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. You may be billed in addition for unusual out of pocket expenses. This engagement letter can be extended to future periods by mutual consent, the terms and conditions will remain the same. Our fee estimate assumes the following:

- Your accounting records are in good order and that we can complete our normal testing procedures. However, if we find numerous errors, incomplete records, poor bookkeeping, or the use of improper accounting methods, we may be required to perform additional work, which may cause our fees to be higher than our original fee estimate.

- The engagement has been scheduled based in part on the availability of your key personnel, deadlines, and working conditions. We will plan the engagement assuming your personnel will cooperate and provide assistance by performing tasks such as preparing schedules, retrieving supporting documents, and typing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we must do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate. We intend to complete the audit within 90 days.
- Although we plan the engagement, unforeseen circumstances can occur that require additional time to be spent to complete our work. Examples of such circumstances could be accounting problems, litigation, and a change in your business, or contractual or other problems with vendors or customers. Those types of situations may require us to perform additional work, which may cause our fees to be higher than our original fee estimate.

If significant additional time is necessary, we will inform you as to the reason why. Our invoices for these fees will be rendered as the work progresses and are payable upon presentation. The engagement letter can be extended at any time by mutual consent of both parties.

In accordance with our Firm policy, work may be suspended if your account becomes more than 45 days delinquent and will not be resumed until your account is paid in full. In the event that payment is not received when due, you will be assessed interest charges of 1.5% per month on the unpaid balance. We reserve the right to suspend or terminate our services for non-payment, you agree that we will not be responsible for your failure to meet deadlines imposed by governments, lenders or other third parties or for penalties and interest that may be assessed against you resulting from your failure to meet such deadlines. If we elect to terminate the engagement due to non-payment, you will be obligated to compensate us for all time expensed and reimburse us for all out of pocket expenditures through the date of termination.

If you decide to terminate the engagement prior to the completion and issuance of the financial statements, you will be obligated to compensate us for time incurred and reimburse us for the out of pocket costs through the date of termination.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. A new, specific engagement letter for that service will govern the terms and conditions of that new engagement.

You have been made aware of the limitations of our audit regarding the detection of fraud and the possible effect on the financial statements (including misappropriation of cash or other assets). We are available to perform, as a separate engagement, extended procedures specifically designed to detect fraud and you have declined to engage us to do so at this time.

We will retain copies of the records you have supplied us along with our work papers for your engagement for a period consistent with our firm's document retention policy. All of your original records will be returned to you at the end of this engagement. Our work papers and engagement files will be destroyed, in accordance with our firm's document retention policy. Physical deterioration or catastrophic events may shorten the time during which our records will be available. Our working papers and files are not a substitute for the original records you should maintain for your company.

In the event that we receive a subpoena or summons requesting that we produce documents from this engagement or testify about the engagement, we will notify you prior to responding to it if we are legally permitted to do so. You may, within the time permitted for our firm to respond to any request, initiate such legal action, as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

In the event that any portion of this engagement letter is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this engagement letter.

During the course of our engagement, we will request information and explanations from management regarding the organization's operations, internal controls, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written representation letter. The procedures we will perform in our engagement and the conclusions we reach, as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. In view of the foregoing, the company agrees to release our firm and its personnel from any liability and costs relating to our services under this letter resulting from false or misleading representations made to us by any member of the company's management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or a fraud to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the company's financial statements that we may fail to detect as a result of false or misleading representations that are made to us by management.

In addition, the company further agrees to indemnify and hold us harmless for any liability and all reasonable costs, including legal fees that we may incur as a result of the services performed under this engagement in the event there are false or misleading representations made to us by any member of the organization's management.

Because there are inherent difficulties in recalling or preserving information as the period after an engagement increases, you agree that, notwithstanding the statute of limitations of the State of Florida, any claim based on this engagement must be filed within twelve months after performance of our service, unless you have previously provided us with a written notice of a specific defect in our services that forms the basis of the claim.


As a result of our prior or future services to you, we might be requested to provide information or documents to you or a third party in a legal administrative, or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

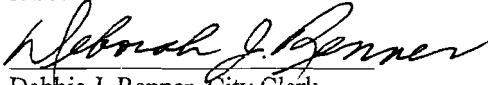
We are available to provide you with business advice, but we are not obligated to do so unless you specifically request us to perform a specific service. It is our policy to put all advice on which a client might rely in writing. We believe that is necessary to avoid confusion and to make clear the specific nature of our advice. You should not rely on any advice that has not been put in writing by our firm after a full supervisory review.

Greene, Dycus & Co.
Very truly yours,
Greene, Dycus & Co., P.A.
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the City of Orange City, Florida

By: 
Title: CITY MANAGER
Date: 6/28/06

ATTEST:

Debbie J. Renner, City Clerk
Date: 7/5/06

REQUEST FOR PROPOSALS

The City of Orange City is soliciting proposals from qualified firms of certified public accountants to audit the City of Orange City's financial statements for the fiscal year ending September 30, 2009, with the option of auditing the City's financial statements for the three subsequent fiscal years. Complete copies of the Request for Proposals (RFP) package may be obtained by the following means:

Email to: drenner@ourorangecity.com
Orange City website: www.ourorangecity.com
Telephone: 386/775-5403
In writing: Deborah J. Renner, CMC, City Clerk
205 E. Graves Avenue
Orange City, FL 32763

All questions and correspondence should be directed to Deborah J. Renner, City Clerk, in writing or by calling the phone number listed above.

Proposals must be received by 4:00 p.m. on September 18, 2009.

PROPOSAL EVALUATION FORM

NAME OF FIRM: _____

DATE: _____

MANDATORY ELEMENTS			Copy of most Recent Quality Control Review Submitted	Followed RFP Instructions
Licensed in FL	Adequate Training in Preceding 2 Years	No Conflict of Interest		

TECHNICAL QUALIFICATIONS 0-25 Points for Each Section)			Total Proposed Compensation
Ability of Personnel	Experience	Ability to Furnish Services	

Met Mandatory Requirements? Yes _____ No _____

Total Technical Points _____

Reviewer Signature: _____

**CITY OF
ORANGE CITY, FLORIDA**



**REQUEST FOR PROPOSALS
FOR AUDITING SERVICES
2009**

Request for Proposals
Auditing Services
City of Orange City, Florida

Sealed proposals will be accepted for, AUDITING SERVICES, no later than 2:00 P.M., local time, on September 18, 2009. Proposals received after that time will not be accepted or considered, and will be returned unopened. No exceptions will be made. The City reserves the right to reject any and all proposals and waive informalities.

The City of Orange City, Florida, in conformance with Florida Statutes, Section 218.391 (Auditor Selection Procedures), and the policies and procedures of the City of Orange City (City) is soliciting proposals from Certified Public Accounting Firms with Governmental Accounting experience to submit a response to our RFP to provide Independent Financial Auditing Services in accordance with the RFP documents. The fiscal years ending September 30, 2009, 2010, and 2011 will be included in this RFP with the option to renew on a year-by-year basis for three (3) additional years. The firm must be duly licensed under Florida Statutes, Chapter 473 and qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy.

Each respondent shall submit ten **(10) copies** of the required proposal documents, in a sealed envelope plainly marked on the outside with "RFP for Auditing Services" with the respondent's name. Proposals will be received by Deborah Renner, City Clerk, City of Orange City, 229 E. Graves Avenue, Orange City, FL 32763.

Interested firms may secure a copy of the documents from the City website at www.ourorangecity.com or copies are available from Deborah Renner, City Clerk, at 229 E. Graves Avenue, Orange City, FL 32763, phone number 386/775-5403. Copies via e-mail are not available and partial sets of RFP documents will not be issued.

To ensure fair consideration for all respondents to this RFP, firms interested in providing the required services may be disqualified if they have contacts during the submission or selection process with the Mayor and/or City Council Members. Only the City Clerk, may be contacted during the submission or selection process.

Award of Contract: The City of Orange City reserves the right to waive technicalities or irregularities, reject any or all proposals, and/or accept that proposal that is in the best interest of the City, price, qualifications and other factors taken into consideration.

Pursuant to Section 287.133(2)(a), Florida Statutes, interested individuals or firms who have been placed on the convicted vendor list following a conviction for public entity crimes may not submit a Proposal on a contract to provide services for a public entity, may not be awarded a consultant contract and may not transact business with a public entity for services, the value of which exceeds CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

No fax or electronic submissions will be accepted.

City of Orange City, Florida
Request for Proposals
For Auditing Services

The Audit Committee of The City of Orange City, Florida (the City) is soliciting proposals from qualified certified public accounting firms (the Firm) duly licensed under chapter 473, *Florida Statutes*, to provide comprehensive financial auditing services. The City will contract for auditing services for the fiscal years ending September 30, 2009, 2010, and 2011, with the option to renew on a year-by-year basis for three (3) additional years.

To meet the requirements of this request for proposals, the audit shall be performed in accordance with:

1. Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants;
2. The standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (2003 Revision);
3. The provisions of the Federal Single Audit Act of 1984 (as amended in 1996 and subsequently);
4. The Florida Single Audit Act;
5. The provisions of U.S. Office of Management and Budget (OMB) Circular A-133;
6. Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments (Revised) –AICPA;
7. Section 11.45, Florida Statutes;
8. State of Florida Department of Banking and Finance Regulations;
9. Rules adopted by the State of Florida Auditor General for form and content of governmental unit audits;
10. Any other applicable Federal, State and local laws or regulations.

Any updates of, or amendments to, these described auditing standards are to be incorporated in future audits performed by the selected auditor performing auditing engagements for the City in future fiscal years.

I. GENERAL INFORMATION

- A. Responses to this Request for Proposals (RFP) must be received no later than **4:00 P.M., local time, September 18, 2009** at the following address:

Deborah J. Renner, CMC, City Clerk
City of Orange City
229 E. Graves Avenue
Orange City, Florida 32763

Proposals should be in the form of ten **(10)** signed copies sealed in one package and clearly marked on the outside, "RFP for Auditing Services" with the Firm's name. Any proposals received after this deadline will be returned to the submitting firm unopened. It shall be the sole responsibility of the proposer to have their proposal delivered to the City Clerk's office, 229 E. Graves Avenue, Orange City, FL 32763 for receipt on or before the above stated time and date. If a proposal is sent by U.S. Mail or courier service, the proposer shall be responsible for its timely delivery. Proposals delayed by mail or courier service shall not be considered, shall not be opened at the public opening, and arrangements shall be made for their return at the proposers request and expense. "Postage Due" items will not be accepted. Expenses incurred in submitting this proposal will not be reimbursed by the City and these costs should not be included in the fees charged by the contracted firm.

Proposals or any information transmitted by fax or e-mail will not be accepted.

No proposal may be withdrawn and all proposed prices shall remain firm for a period of ninety (90) days after the time and date scheduled for the proposal deadline.

The City reserves the right to accept or reject any or all proposals, to waive informalities or irregularities, to request clarification of information submitted in any proposal, or to re-advertise for new proposals. The City may accept any item or group of items of any proposal.

The City will award a contract, at its absolute and sole discretion, to the most responsible and responsive proposer whose proposal, in the City's opinion, will be most advantageous to the City, price and other factors considered. The City reserves the right, to aid it in determining which proposal is responsible, to require a proposer to submit such evidence of qualifications as the City may deem necessary, and may consider any evidence available to the City of the financial, technical, and other qualifications and abilities of a proposer, including past performance (experience) with the City and others. The City Council shall be the final authority in the award of any and all proposals.

- B. Any requests for clarification or correction regarding this RFP should be reduced to writing and be received no later than September 11, 2009. Any response by the City to a request for clarification or correction will be made in the form of a written addendum. All parties to whom the RFP package has been issued will receive any

addenda issued. It will be mailed, e-mailed or faxed by the issuing party of the RFP documents. Every attempt will be made to notify all prospective proposers who have requested an RFP package of any addenda issued. However, it shall be the responsibility of each proposer, prior to submitting the proposal, to contact the City Clerk at 386/775-5403 to determine if addenda were issued and to make such addenda a part of the proposal. The City reserves the right to issue addenda concerning clarifications or corrections at any time up to the date and time set for proposal submission. Only interpretations or corrections provided by written addenda shall be binding on the City. Proposers are cautioned that any other source by which a proposer receives information concerning, explaining, or interpreting the RFP documents shall not bind the City. Proposers shall not contact other City staff or other City consultants for information before the award date. Any contact with any other member of the City Staff, City Council, or its agents during this time period may be grounds for disqualification. Questions or concerns should be addressed to:

Deborah J. Renner, City Clerk
City of Orange City
226 E. Graves Avenue
Orange City, FL 32763
e-mail: drenner@ourorangecity.com
Phone 386/775-5403
Fax 386/775-5407

C. Proposed time line:

August 26, 2009	Request for Proposals issued
September 18, 2009 (4:00 P.M.)	Proposal Submission Deadline
September 23, 2009	Audit Committee Evaluates & Short Lists Proposals
October 6, 2009	Presentation of Short-Listed Proposers/Ranking by Audit Committee
October 13, 2009	Approval to Execute Contract

- D. Firms that anticipate subcontracting portions of the engagement must state this fact in their proposal and clearly identify the subcontracting firm(s). Following the award of the audit contract, no additional subcontracting will be allowed without the express, prior written consent of the City.
- E. All conditions and requirements set forth in this RFP shall become conditions of the annual price proposal for auditing services unless otherwise stated. The failure or neglect of a proposer to receive or examine a document shall in no way relieve it from any obligations under its proposal or the contract. No claim for additional compensation will be allowed which is based upon a lack of knowledge or

understanding of any of the contract documents or the scope of services. Proposals shall be in compliance with the contract documents/scope of services.

F. The City's previous contract for auditing services was awarded to:

Greene, Dycus & Co., P.A.
205 North Elm Avenue
Sanford, FL 32772
(407) 322-0561

G. The prior year's Comprehensive Annual Financial Report (Fiscal Year Ended September 30, 2008) is available on the City's website www.ourorangecity.com under the Finance Department.

H. Proposals will be reviewed by the City Council, which also serves as the auditor selection committee, and will be ranked in accordance with the established evaluation criteria. The date, time, and location of any scheduled selection committee meeting(s) for this RFP will be posted on the City's website at least six (6) hours prior to the meeting date and time. The audit committee shall rank the proposals for approval. Please be aware that all City Council meetings are duly noticed public meetings and all documents submitted to the City as part of a bid constitute public records under Florida law.

I. All proposers shall thoroughly examine and become familiar with this RFP package and carefully note the items specifically called for in this RFP which must be submitted.

J. Any proposer seeking to file a bid protest shall use the City's procedure contained in Chapter 12.3 of the City's code of ordinances available on the City's website or on file in the City Clerk's office, 229 E. Graves Avenue, Orange City, FL 32763.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

1. The proposing firm selected will be required to perform an audit in accordance with auditing standards generally accepted in the United States of America and all other standards applicable to financial audits on the financial accounts and records of the City of Orange City.
2. The proposing firm selected will also be required to perform a single audit of all state and/or federal financial assistance provided to the City, if applicable, in compliance with the Rules of the Auditor General of the State of Florida and in accordance with the Single Audit Act of 1984 and amendments of 1996 and subsequent amendments thereof.

3. The auditor is also required to express an opinion that the basic financial statements and the individual fund financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds of the City of Orange City.

B. Reports to be issued as a result of the audit:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. A report on the internal control structure used in administering federal, state, and local financial assistance programs.
5. A report on the fair presentation of Supplementary Information Schedules of Federal, State, and Local financial assistance in relation to the City's financial statements taken as a whole.
6. Any other attestations as may be required by Florida Statutes or Florida Administrative Code.
7. Management letters for the City with required elements as required by the Rules of the Auditor General.
8. The auditor shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware. Such report shall be made to the City Council and to the City Manager responsible for the operations of the City being audited and to the Finance Director.
9. The auditors shall assure themselves that the City is informed of each of the following:
 - The auditor's responsibility under generally accepted auditing standards.
 - Significant accounting policies
 - Management judgments and accounting estimates
 - Significant audit adjustments
 - Other information in documents containing audited financial statements
 - Disagreements with management
 - Management consultation with other accountants
 - Major issues discussed with management prior to retention
 - Difficulties encountered in performing the audit.

C. Special Considerations

The City has received the Certificate of Achievement for Excellence in Financial Reporting for the last seven fiscal years. The CAFR for each of the fiscal years covered by this RFP will be submitted to the Government Finance Officers Association of the United States and Canada for consideration for the certificate. It is possible that the auditor may be required to provide special assistance to the City to meet the requirements of that program.

D. Reporting to the City Council. Auditors shall also disclose the following:

1. The auditor's responsibility under generally accepted auditing standards, and assurances that the independent auditor is currently licensed, and that the members of the audit team have the minimum required Continuing Professional Education credits required for performing audits under *Government Auditing Standards*.
2. Significant accounting policies.
3. Significant audit adjustments.
4. Disagreements with management.
5. Management consultation with other accountants.
6. Major issues discussed with management prior to retention.
7. Difficulties encountered in performing the audit.
8. Any other matter the auditor finds necessary to discuss or disclose.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, in accordance with the retention requirements of the State of Florida found in the records schedule GS1-L, unless the firm is notified in writing by the City of Orange City of the need to extend the retention period. The auditor will be required to make working papers available upon request without charge to any federal, state, or City of Orange City agency.

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.

F. Miscellaneous services

Provide guidance or information to the City's finance staff on matters of a financial nature regarding the City's records.

III. DESCRIPTION OF THE GOVERNMENT

- A. The City of Orange City operates under the Council/Manager form of government as authorized by its charter and provides the following services: police and fire protection, planning, building inspections and code enforcement, public works, parks and recreation, other general governmental activities and water. The City serves a population of approximately 11,000.

The City currently has a budget consisting of 107 full time employees. The FY2008 General Fund budget is \$7,966,880 and the Enterprise Fund budget is \$3,746,400.

B. Fiscal Year

The City of Orange City's fiscal year begins October 1 and ends September 30.

C. City's Accounting Records

Currently, the City's records include: the General Fund, Impact Fee Fund, Forfeiture Fund, CIP Fund, and Special Assessment Fund.

The City of Orange City uses software from Donald Frey and Co. for the recording of its accounting transactions. The software modules used are the following :

1. Financial systems for cash receipts, global financial systems, including financial reporting and budgeting) payroll and purchasing.
2. Utility System for water system billing.

Payroll and vendor checks are processed on a bi-weekly basis. Purchase orders are issued as evidence of commitments, which encumbers funds against the expenditure account at the time of commitment and liquidated at the time of payment. Fixed asset records are kept.

The City's approximate 4500 water and sewer utility customers are billed in house. Solid waste assessments are billed on the county tax bill.

D. Budgets

Budgets are adopted for the General Fund, and the Utility Fund. The adopted budgets are integrated with the financial records of the City.

E. Finance Department Staff

The Finance department consists of the Finance Director, a Financial Services Supervisor, Financial Specialist (2.5), and Customer Service Specialist (Utilities) 3

IV. TIME REQUIREMENTS

A. Audit Plan

An audit plan should be submitted with the response to the RFP. Each following year, this plan will need to be submitted prior to the beginning of the interim audit procedures. It is required that the CAFR be published by March 31st of each year. The auditing firm selected must be able to meet the following schedule which indicates approximate completion dates (dates may be adjusted for first year):

By November 30	Interim work complete
By December 30	The City will have adjustments made, books closed and trial balance prepared
By March 1	The firm's field work and review of CAFR will be completed
By Wednesday before the 2nd Meeting in February	Delivery to City Clerk of all required reports
2 nd meeting in February	Presentation of CAFR to City Council by the auditing firm

B. Conferences

1. Entrance Conference - To discuss prior audit problems and the interim work to be performed. Establish overall liaison for the audit, make arrangements for work space and establish time requirements.
2. Exit Conference - Summarize the results of the fieldwork and to review significant findings.
3. Progress Conferences - These should be held on an as needed basis to inform the Finance Director of preliminary results that need immediate attention (or of a significant nature).

V. ASSISTANCE PROVIDED BY CITY STAFF

- A. The Finance Department will prepare summary trial balances and provide other information, documentation and explanations, as needed. All information provided

will be in the format maintained by the City's Finance Department. Any additional or reformatted schedules will be discussed with the auditor.

- B. The City will provide the auditor with reasonable workspace, desks, and chairs. The auditor will also be provided access to telephones, photocopying facilities, and FAX machines.
- C. The preparation and printing of copies of the completed CAFR.

VI. PROPOSAL REQUIREMENTS

All proposals submitted should be arranged in the following manner:

A. Title Page

Information should include the subject of the RFP, the firm's name, the name of a contact person along with an address and phone number, and the date of the proposal.

B. Table of Contents

C. 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 specified time period, a statement of why the proposer believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer to provide the services as outlined in the RFP. It also should contain the name of the person who will be authorized to make representations for the proposer, their title, address and telephone number and whether the firm is local, regional, national or international.

D. Detailed Proposal

1. The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the proposers seeking to undertake an independent audit of the City of Orange City in conformity with the requirements of the 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 RFP's requirements.
2. 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.

E. Independence

The proposer should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards and the U.S. General Accounting Office's "Government Auditing Standards (2003 revision)."

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

F. License to Practice in Florida

An affirmative statement should be included indicating that the proposer and all assigned key professional are CPAs who are properly licensed to practice in Florida.

G. Proposer's (Firm's) Qualifications and Experience

- a. The proposal 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 on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.
- b. 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.
- c. In accordance with "N" below, please provide a statement whether that quality control review included a review of specific government engagements.
- d. 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 three (3) years with state regulatory bodies or professional organizations.

H. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partner, manager, other supervisors and specialists, and the auditor-in-charge of field work, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Florida. The firm should provide information on the government auditing experience of each person.

The firm should 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. The firm also should indicate how the quality of staff over the term of the agreement would be assured.

I. Prior Engagements with the City

The firm should list separately all engagements with the City within the last five years by type of engagement (i.e., audit, management advisory services, other). For each engagement, the firm should indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

J. Similar Engagements with Other Government Entities

For the firm'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 request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

K. Public Entity Crimes

Pursuant to Section 287.133(2)(a), Florida Statutes, interested individuals or firms who have been placed on the convicted vendor list following a conviction for public entity crimes may not submit a Proposal on a contract to provide services for a public entity, may not be awarded a consultant contract and may not transact business with a public entity for services, the value of which exceeds CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

Any firm submitting a proposal in response to this request for proposals must indicate it has not been placed on the convicted vendor list following a conviction of public entity crimes.

L. 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 proposals. 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 engagement, including time frames for each segment (keeping in mind the time schedule set forth in this RFP).

- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- c. Sample size methodology 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 in determining laws and regulations that will be subject to audit test work.
- f. Approach to be taken in drawing audit samples for purposes of tests of compliance.
- g. Approach to be taken to gain and document an understanding of the City's internal control.

M. 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.

N. Peer Review

A copy of the firm's latest peer review must be provided in the proposal.

O. Compensation

The proposal should contain a total all-inclusive price fee for each of the three (3) years including additional fees if the audit is subject to the single audit act and a total all-inclusive price fee for each of the three (3) years of the contract excluding additional fees for additional single audit act work. The proposal should also include a proposed price increase for each of the possible three (3) extension periods. In addition, please provide an hourly rate for time spent on any additional grant audit procedures or requirements with a not to exceed fee per audit year and an hourly rate for time spent on services requested outside of this RFP.

VII. EVALUATION PROCEDURES

Proposals will be reviewed and ranked by the City Council and will be ranked in accordance with the established criteria below.

Mandatory Elements

- a. The audit firm is independent and licensed to practice in Florida
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the City.
- d. The firm submits a copy of its most recent external quality control review report (peer review) and the firm has a record of quality audit work.
- e. The firm adheres to the instructions in this Request for Proposals on preparing and submitting the proposal.

Any proposal that does not contain the mandatory elements will be rejected.

Technical Qualifications

- a. Ability of personnel 0-25 points

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

- b. Experience 0-25 points

The firm's (and specifically the local office's) past experience and performance on comparable government engagements; experience performing single audits of federal financial assistance and audits under the Florida Single Audit Act

- c. Ability to furnish required services 0-25 points

Adequacy of proposed staffing plan for various segments of the engagement; general approach to the audit; adequacy of sampling techniques; adequacy of analytical procedures

- d. Total compensation proposed 0-25 points

The proposed cost of services should contain all pricing information relative to performing the audit engagement as described in this RFP. The total all-inclusive price is to contain all direct and indirect costs including all out-of-pocket expenses. Prices should be determined for each year of the contract and proposed price increases for the possible extension periods.

Total available 100 points

1. Oral Presentations

The Audit Committee 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 regarding their proposal. Not all firms may be asked to make such oral presentations.

2. Final Selection

The City Council shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm.

3. 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 of Orange City and the firm selected. The City of Orange City reserves the right without prejudice to reject any or all proposals.

VIII. ADDITIONAL CONSIDERATIONS AND REQUIREMENTS

Manner of Payment

Progress payments may be billed based on the percentage of work completed and will be payable within 30 days of approved invoice by the City.

Insurance Terms and Conditions

Proof of Professional Liability Insurance: Provide a current insurance certificate providing proof of Professional Liability Insurance. The *successful* Respondent shall be required to provide evidence of both General (Public & Property) Liability and Professional Liability Insurance in the form of a certificate of insurance issued on behalf of the City of Orange City by companies acceptable to the City at the following minimum limits and coverage's with deductible amounts acceptable to the City:

Comprehensive General Liability Insurance: (The City of Orange City is to be named as an additional insured)	\$1,000,000.00
Professional Liability Insurance:	\$1,000,000.00

Hold Harmless Agreement

The successful respondent shall sign the following Hold Harmless Agreement:

As a part of the agreement with the CITY OF ORANGE CITY, and for the same consideration as provided for in the contract, the contractor agrees to indemnify, hold harmless and defend the City Council, its officials and employees from liabilities, damages, losses and costs, including but not limited to reasonable attorney's fees, to the extent caused by the negligence, recklessness, intentionally wrongful conduct of the contractor and other person employed by the contractor in the performance of the contract.

Name of Contractor

Signature of Contractor

Date

**PRICE PROPOSAL FORM
RFP NO. 2008-09 AUDITING SERVICES**

TOTAL ALL-INCLUSIVE ANNUAL PRICE PROPOSAL FOR AUDITING SERVICES AS DESCRIBED IN THIS RFP FOR FISCAL YEARS ENDING 2009, 20010, 20011:

For audits not subject to State or Federal Single Audit Act.

\$ _____ . _____ annually
_____ dollars & _____ cents

For audits subject to State or Federal Single Audit Act.

\$ _____ . _____ annually
_____ dollars & _____ cents

An hourly rate of \$ _____ and a not to exceed fee of \$ _____ for additional grant audit procedures or requirements.

An hourly rate of \$ _____ for time spent on services requested outside of the RFP.

Proposed price increase for each of the possible three (3) extension periods, Fiscal Years Ending 2012, 2013, and 2014:

For audits not subject to State or Federal Single Audit Act

\$ _____ . _____ Annual increase
_____ dollars & _____ cents

For audits subject to State or Federal Single Audit Act.

\$ _____ . _____ Annual increase
_____ dollars & _____ cents

An hourly rate of \$ _____ and a not to exceed fee of \$ _____ for additional grant audit procedures or requirements.

An hourly rate of \$ _____ for time spent on services requested outside of the RFP.

_____ Date _____ Company Name

_____ License Number _____ Authorized Officer (Print) _____ Authorized Signature

COMPANY INFORMATION/SIGNATURE SHEET

FAILURE TO COMPLY WITH THESE RFP INSTRUCTIONS WILL RESULT IN DISQUALIFICATION OF YOUR PROPOSAL. PLEASE SIGN BELOW ATTESTING THAT YOU HAVE READ AND UNDERSTAND ALL RFP INSTRUCTIONS AND THAT THE PRICES REFLECTED ON THE "PRICE PROPOSAL FORM" ARE ACCURATE AND WITHOUT COLLUSION.

COMPANY NAME

TELEPHONE (INCLUDE AREA CODE)

FAX (INCLUDE AREA CODE)

E-MAIL ADDRESS

AUTHORIZED SIGNATURE (manual)

IF REMITTANCE ADDRESS IS DIFFERENT
FROM PURCHASE ORDER ADDRESS,
PLEASE INDICATE BELOW:

NAME/TITLE (PLEASE PRINT)

STREET ADDRESS

CITY STATE ZIP

FEDERAL ID #

Individual Corporation Partnership Other (Specify) _____