

## **I. Introduction**

On this 6<sup>th</sup> day of July, 2007, the City of Lincoln, Nebraska, a municipal corporation in the State of Nebraska (City) and BKD, LLP (Consultant) in consideration of the mutual promises, benefits, and detriments in this agreement do hereby agree as follows.

## **II. Consultant Services**

- A. Consultant and City enter this agreement for Consultant to perform the following described auditing services.
- B. The description of the services to be performed are described in Appendix A, attached hereto and incorporated by reference.
- C. Consultant hereby represents that Consultant is willing and able to perform the Consultant Services in accordance with the City's request for qualifications, the proposal Consultant submitted and this agreement.

## **III. Term -- Completion**

The term of this agreement shall commence upon execution and shall continue until completion of all of the obligations of this agreement, but in no event shall this agreement extend beyond August 1, 2011. Upon expiration of the term prior to completion, the City shall pay Consultant for any Consultant Services completed up to the date of expiration. This Agreement may be renewed for an additional four years upon the written agreement of both parties."

## **IV. Termination for Convenience**

The City has the right to terminate this agreement for any reason for the City's own convenience. If the City terminates this agreement for convenience, the City shall provide a written notice of the same to Consultant. Upon termination, the City shall pay Consultant for any Consultant Services completed up to the date of termination.

## **V. Duties Generally**

Consultant agrees as follows:

- A. To timely and professionally complete the Consultant Services as described above, and to furnish all labor, materials, and pay all costs, including any taxes, to complete the Consultant Services.
- B. To furnish everything reasonably necessary to complete the Consultant Services unless specifically provided otherwise in this agreement.
- C. To apply for and obtain any and all necessary permits, certifications, licenses, certifications and approvals required by any applicable law or regulations that relate to Consultant or the Consultant Services.
- D. To conduct all activities related to the Consultant Services in a lawful manner.

## **VI. Trade Practices Warranty**

Contractor warrants to the City that the services to be performed under this agreement shall be in accordance with accepted and established practices and procedures recognized as such in Contractor's trade in general and that Contractor's services shall conform to the requirements of this agreement.

## **VII. Compensation**

Compensation will be paid in accordance with Attachment I which is attached and made a part of this Contract.

## **VIII. Indemnification**

Consultant shall indemnify, defend and save harmless the City of Lincoln, Nebraska, or its representatives from all claims, demands, suits, actions, payments, liability, and judgments, including reasonable attorney's fees arising out of the activities of Consultant or of Consultant's agents, servants, employees. This section shall not require Consultant to indemnify or hold harmless the City for any losses, claims, damages, and expenses arising out of or resulting from the sole negligence of the City.

## **IX. Independent Contractor**

The City is interested only in the results produced by this agreement. Consultant has sole and exclusive charge and control of the manner and means of performance. Consultant shall perform as an independent contractor and it is expressly understood that Consultant is not an employee of the City and is not entitled to any City employee benefits including, but not limited to, overtime, retirement benefits, worker's compensation, sick leave, or injury leave.

## **X. Equal Employment**

Neither the Consultant nor the Consultant's agents or employees shall discriminate against any employee or applicant for employment, or be employed in the performance of this contract, with respect to his hire, tenure, terms, conditions, or privileges of employment, because of race, color, religion, sex, disability, national origin, ancestry, age, or marital status pursuant to requirements of Section 48-1122, Nebraska Reissue Revised Statutes, Reissue 1998 (as amended) and Section 11.08.160 of the Lincoln Municipal Code (as amended).

## **XI. Waiver of Contractual Right.**

The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

## **XII. Nebraska Law**

This agreement shall be governed and interpreted by the Laws of the State of Nebraska.

## **XIII. Integration, Amendment & Assignment**

This agreement represents the entire agreement between the parties and all prior negotiations and representations are hereby expressly excluded from this agreement. This agreement may be amended or modified only in writing signed by both the City and Consultant. This agreement may not be assigned without the prior written consent of the other party.

**XIV. Severability**

If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

**XV. Capacity**

The undersigned person representing Consultant does hereby agree and represent that he or she is legally capable to sign this agreement and to lawfully bind Consultant to this agreement.

**IN WITNESS WHEREOF**, Consultant and the City do hereby execute this agreement.

City of Lincoln, Nebraska

By: \_\_\_\_\_  
Mayor

By: Reynolds Watten  
Title: Partner, BKD, LLP

**Appendix A**

**Contents**

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**Fee Considerations and Explanation**

The fees quoted on the following page take into consideration all GASB pronouncements currently issued, as well as new auditing standards that will be effective for your fiscal years 2007 and 2008. Should new accounting, financial reporting or auditing standards be issued during our term as your independent auditor, that have a significant impact on the scope of work, an assessment of quoted fees would be necessary. We will consult with you on any new standards, pronouncements and regulations as they are issued and discuss the impact, if any, on our quoted fees and on yearly fee increases during the four year option term.

There are a number of new auditing standards that become effective during the City’s next 2 fiscal years. These new standards primarily relate to evaluation and testing of internal control and reporting of any deficiencies. These new standards were promulgated as a result of the Sarbanes-Oxley legislation. We anticipate our engagement audit hours for the City of Lincoln will increase 4-5% in fiscal year 2007 and 10-15% in fiscal year 2008, as a result of these new standards.

In our revised fee schedule on the following page, we have spread our cost increases more evenly over the 4 year fixed period of the contract and provided for some overall fee reduction. We would anticipate 4-5% annual increases in the option years.

**Billing Philosophy and Hourly Rates**

Our fee estimates on the following page are based primarily on the complexity of the work and the amount of time required. Our estimate is based on our understanding of your present internal control policies and procedures and our expectation of substantial assistance from your personnel for schedules, documentation of internal control, etc.

Our estimate of the time required for these audit services includes some time for routine consultations on matters that will inevitably arise. We do not charge for routine phone calls and would suggest meeting periodically throughout the year as part of our comprehensive service plan.

Our standard hourly rates for additional services outside the scope of your engagement are as follows:

**Standard Hourly Rates**

Partners	\$300 - 325
Managers	165 - 225
Supervisors	145 - 160
Seniors	125 - 140
Staff	110 - 120

**PROPOSAL  
SPECIFICATION NO. 07-139**

**BID OPENING TIME: 12:00 NOON  
DATE: Friday May 11, 2007**

The undersigned, having full knowledge of the requirements of the City of Lincoln for the below listed phases and the contract documents (which include Notice, Instructions, this Proposal, Specifications, Contract, and any and all addenda) and all other conditions of the Proposal, agrees to enter into a contract with the City the below listed fees for the performance of this Specification, complete in every respect, in strict accordance with the contract documents at and for fees listed below.

**ADDENDA RECPT:** The receipt of addenda to the specification numbers #1 through #1 are hereby acknowledged. Failure of any submitter to receive any addendum or interpretation of the specifications shall not relieve the submitter from any obligations specified in the request. All addenda shall become part of the final contract document.

**BIDDING SCHEDULE**

**CITY AUDITING SERVICES AND WATER & WASTEWATER AUDITING SERVICES**

City	2007	\$ 68,000	; 2008	72,850	; 2009	77,700	; 2010	82,900	;
Water & Wastewater	2007	\$ 31,200	; 2008	33,500	; 2009	35,450	; 2010	37,800	;
EMS Fund	2007	\$ 8,400	; 2008	8,900	; 2009	9,500	; 2010	10,200	;
Solid Waste Man	2007	\$ 7,400	; 2008	7,800	; 2009	8,350	; 2010	8,900	;
Parking	2007	\$ 6,500	; 2008	6,900	; 2009	7,350	; 2010	7,800	;
CHE	2007	\$ 8,500	; 2008	9,050	; 2009	9,650	; 2010	10,400	;
Fees, Other Services	2007	\$ **	; 2008	**	; 2009	**	; 2010	**	;

**YEARLY % INCREASE BASED ON TOTALS ABOVE:** \_\_\_\_\_% (See fee discussion on page 1)

Our Firm shall maintain the same yearly % increase for an additional 4 year period if the City desires to renew contract: YES \_\_\_\_\_ NO x Anticipate 4-5% annual increases

**AFFIRMATIVE ACTION PROGRAM** Successful bidder will be required to comply with the provisions of the City's Affirmative Action Policy (Contract Compliance, Sec. 1.16). The Equal Opportunity Officer will determine compliance or non-compliance with the City's policy upon a complete and substantial review of successful bidder's equal opportunity policies, procedures and practices.

The undersigned signatory for the bidder represents and warrants that he has full and complete authority to submit this proposal to the City, and to enter into a contract if this proposal is accepted.

\*\* Landfill Title 132 \$750/year  
Bond Offerings \$3,250/offering  
See also our billing rates and billing philosophy on the previous page.

RETURN 6 COMPLETE COPIES OF PROPOSAL AND SUPPORTING MATERIAL.  
MARK OUTSIDE OF BID ENVELOPE: SEALED BID FOR SPEC. 07-139

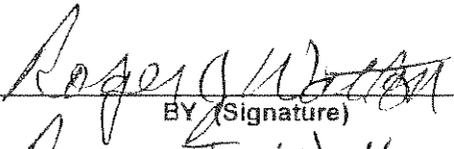
BKD, LLP  
COMPANY NAME

1221 "N" STREET, SUITE 600  
STREET ADDRESS OR P.O. BOX

LINCOLN, NE 68508-2042  
CITY, STATE ZIP CODE

(402) 473-7600 (402) 473-7698  
TELEPHONE FAX

RWATTON@BKD.COM  
E-MAIL ADDRESS

  
BY (Signature)

Roger J. Watton  
(Print Name)

PARTNER  
(Title)

MAY 11, 2007  
(Date)

Appendix A



Purchasing Division / Finance Department  
Vince M. Mejer, Purchasing Agent  
440 South 8th Street  
Suite 200, Southwest Wing  
Lincoln, Nebraska 68508

402-441-7410  
fax: 402-441-6513



MAYOR COLEEN J. SENG

lincoln.ne.gov

## REQUEST FOR PROPOSALS SPECIFICATION NO. 07-139

The City of Lincoln, Nebraska intends to enter into a contract and invites you to submit a sealed proposal for:

### **Audit Services for the City of Lincoln, Lincoln Water, Lincoln Wastewater and the Community Health Endowment**

### **MEETING OR EXCEEDING THE CITY OF LINCOLN'S SPECIFICATIONS**

Sealed proposals will be received by the City of Lincoln on or before 12:00 noon Friday, **May 11, 2007** in the office of the Purchasing Agent, located at 440 South 8th Street, Suite 200, Lincoln, Nebraska 68508. Only the names of the proposers will be read in the Bid/Conference room located on the First Floor.

Proposers should take caution if U.S. mail or mail delivery services are used for the submission of proposals. Mailing should be made in sufficient time for proposals to arrive in the Purchasing Division, prior to the time and date specified above.

**PROPOSAL  
SPECIFICATION NO. 07-139**

**BID OPENING TIME: 12:00 NOON  
DATE: Friday May 11, 2007**

The undersigned, having full knowledge of the requirements of the City of Lincoln for the below listed phases and the contract documents (which include Notice, Instructions, this Proposal, Specifications, Contract, and any and all addenda) and all other conditions of the Proposal, agrees to enter into a contract with the City the below listed fees for the performance of this Specification, complete in every respect, in strict accordance with the contract documents at and for fees listed below.

**ADDENDA RECEIPT:** The receipt of addenda to the specification numbers \_\_\_\_ through \_\_\_\_ are hereby acknowledged. Failure of any submitter to receive any addendum or interpretation of the specifications shall not relieve the submitter from any obligations specified in the request. All addenda shall become part of the final contract document.

**BIDDING SCHEDULE**

**CITY AUDITING SERVICES AND WATER & WASTEWATER AUDITING SERVICES**

City	2007	\$ _____	; 2008 _____	; 2009 _____	; 2010 _____
Water & Wastewater	2007	\$ _____	; 2008 _____	; 2009 _____	; 2010 _____
EMS Fund	2007	\$ _____	; 2008 _____	; 2009 _____	; 2010 _____
Solid Waste Man	2007	\$ _____	; 2008 _____	; 2009 _____	; 2010 _____
Parking	2007	\$ _____	; 2008 _____	; 2009 _____	; 2010 _____
CHE	2007	\$ _____	; 2008 _____	; 2009 _____	; 2010 _____
Fees, Other Services	2007	\$ _____	; 2008 _____	; 2009 _____	; 2010 _____

**YEARLY % INCREASE BASED ON TOTALS ABOVE: \_\_\_\_\_%**

**Our Firm shall maintain the same yearly % increase for an additional 4 year period if the City desires to renew contract: YES \_\_\_\_\_ NO \_\_\_\_\_**

**AFFIRMATIVE ACTION PROGRAM:** Successful bidder will be required to comply with the provisions of the City's Affirmative Action Policy (Contract Compliance, Sec. 1.16). The Equal Opportunity Officer will determine compliance or non-compliance with the City's policy upon a complete and substantial review of successful bidder's equal opportunity policies, procedures and practices.

The undersigned signatory for the bidder represents and warrants that he has full and complete authority to submit this proposal to the City, and to enter into a contract if this proposal is accepted.

RETURN 6 COMPLETE COPIES OF PROPOSAL AND SUPPORTING MATERIAL.  
MARK OUTSIDE OF BID ENVELOPE: SEALED BID FOR SPEC. 07-139

\_\_\_\_\_  
COMPANY NAME

\_\_\_\_\_  
BY (Signature)

\_\_\_\_\_  
STREET ADDRESS OR P.O. BOX

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
CITY, STATE ZIP CODE

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
TELEPHONE FAX

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
E-MAIL ADDRESS

**INSTRUCTIONS TO PROPOSERS**  
**CITY OF LINCOLN, NEBRASKA**  
**PURCHASING DIVISION**

**1. PROPOSAL PROCEDURE**

- 1.1 Each RFP must be legibly printed in ink or typed, include full name, business address, telephone number, fax number and email address of the Proposer; and be signed in ink by the Proposer.
- 1.2 Response by a firm/organization other than a corporation must include the name and address of each member.
- 1.3 A response by a corporation must be signed in the name of such corporation by a duly authorized official thereof.
- 1.4 Any person signing a response for a firm, corporation, or other organization must show evidence of his authority so to bind such firm, corporation, or organization.
- 1.5 Proposals received after the time and date established for receiving offers will be rejected.

**2. EQUAL OPPORTUNITY**

- 2.1 Each proposer agrees that it shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, disability, national origin, age, or marital status. In the employment of persons, proposer shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to race, color, religion, sex, disability, national origin, age, or marital status.

**3. DATA PRIVACY**

- 3.1 Proposer agrees to abide by all applicable State and Federal laws and regulations concerning the handling and disclosure of private and confidential information concerning individuals and corporations as to inventions, copyrights, patents and patent rights.
- 3.2 The proposer agrees to hold the City harmless from any claims resulting from the proposer's unlawful disclosure or use of private or confidential information.

**4. PROPOSER'S REPRESENTATION**

- 4.1 Each proposer by signing and submitting an offer, represents that he/she has read and understands the specification documents, and the offer has been made in accordance therewith.
- 4.2 Each offer for services further represents that the proposer is familiar with the local conditions under which the work and has correlated the observations with the requirements of the RFP.

**5. SPECIFICATION CLARIFICATION**

- 5.1 Proposers shall promptly notify the Purchasing Agent of any ambiguity, inconsistency or error which they may discover upon examination of specification documents.

- 5.2 Proposers desiring clarification or interpretation of the specification documents shall make a written request which must reach the Purchasing Agent at least seven (7) calendar days prior to date and time for response receipt, unless otherwise noted in RFP.
- 5.3 Interpretations, corrections and changes made to the specification documents will be made by written addenda.
- 5.4 Oral interpretations/changes to Specification Documents made in any other manner, will not be binding on the City; proposers shall not rely upon oral interpretations.

**6. ADDENDA**

- 6.1 Addenda are written documents issued by the City prior to the date for receipt of offers which modify or interpret the specification document by addition, deletion, clarification or correction.
- 6.2 Addenda will be mailed or delivered to all who are known by the City to have received a complete set of specification documents.
- 6.3 Copies of addenda will be made available for inspection at the office of the Purchasing Agent.
- 6.4 No addendum will be issued later than forty-eight (48) hours prior to the date and time for receipt of offers, except an addendum withdrawing the RFP, or addendum including postponement.
- 6.5 Proposers shall ascertain prior to submitting their offer that they have received all addenda issued, and they shall acknowledge receipt of addenda in their proposal.

**7. ANTI-LOBBYING PROVISION**

- 7.1 During the period between the proposal advertisement date and the contract award, proposers, including their agents and representatives, shall not lobby or promote their proposal with any member of the City Council or City Staff.

**8. EVALUATION AND AWARD**

- 8.1 The signed proposal shall be considered an offer on the part of the proposer. Such offer shall be deemed accepted upon issuance by the City of purchase orders, contract award notifications, or other contract documents appropriate to the work.
- 8.2 No offer shall be withdrawn for a period of ninety (90) calendar days after the time and date established for receiving offers, and each proposer agrees in submitting an offer.
- 8.3 In case of a discrepancy between the unit prices and their extensions, the unit prices shall govern.
- 8.4 The RFP process is designed to be a competitive negotiation platform, where price is not required to be the sole determinative factor; also the City has the flexibility to negotiate with a select firm or selected firms to arrive at a mutually agreeable relationship.
- 8.5 A committee will be assigned the task of reviewing the proposals received.

- 8.5.1 The committee may request documentation from Proposer(s) of any information provided in their proposal response, or require the Proposer to clarify or expand qualification statements.
- 8.5.2 The committee may also require a site visit and/or verbal interview with a Proposer or select group of Proposers to clarify and expand upon the proposal response.
- 8.6 The offer will be awarded to the lowest responsive, responsible proposer whose proposal will be most advantageous to the City, and as the City deem will best serve their requirements.
- 8.7 The City reserves the right to accept or reject any or all offers, parts of offers; request new proposals, waive irregularities and technicalities in offers; or to award the RFP on a split-order basis, or lump-sum basis; such as shall best serve the requirements and interests of the City.

## 9. INDEMNIFICATION

- 9.1 The proposer shall indemnify and save harmless the City of Lincoln, Nebraska from and against all losses, claims, damages, and expenses, including, attorney's fees arising out of or resulting from the performance of the contract that results in bodily injury, sickness, disease, death, or to injury to or destruction of tangible property, including the loss of use resulting therefrom and is caused in whole or in part by the proposer, any subcontractor, any directly or indirectly employed by any of them or anyone for whose acts any of them may be liable. This section will not require the proposer to indemnify or hold harmless the City of Lincoln for any losses, claims damages, and expenses arising out of or resulting from the sole negligence of the City of Lincoln, Nebraska.
- 9.2 In any and all claims against the City or any of its members, officers or employees by an employee of the proposer, any subcontractor, anyone directly or indirectly employed by any of them or by anyone for whose acts made by any of them may be liable, the indemnification obligation under paragraph 9.1 shall not be limited in any way by any limitation of the amount or type of damages, compensation or benefits payable by or for the bidder or any subcontractor under worker's or workmen's compensation acts, disability benefit acts or other employee benefit acts.

## 10. LAWS

- 10.1 The Laws of the State of Nebraska shall govern the rights, obligations, and remedies of the Parties under this proposal and any agreement reached as a result of this process.
- 10.2 Proposer agrees to abide by all applicable State and Federal laws and regulations concerning the handling and disclosure of private and confidential information concerning individuals and corporations as to inventions, copyrights, patents and patent rights.

## 11. AWARD

- 11.1 The RFP process is designed to be a competitive negotiation platform, where price is not required to be the sole determinative factor; also the City has the flexibility to negotiate with a selected firm or firms to arrive at a mutually agreeable relationship.
- 11.2 The City shall be the sole judge as to merits of the proposal, and the City's decision will be final.
- 11.3 A committee will be assigned by the Mayor with the task of reviewing the proposals received.
- 11.3.1 The committee may request documentation from Proposer(s) of any information provided in their proposal response, or require the proposer to clarify or expand qualification statements.
- 11.3.2 A short list of firms from proposals submitted may be selected for a presentation to the committee and ranked by committee members.
- 11.4 Final approval to enter into contract negotiations with the top ranked firm will be by the Mayor of the City of Lincoln.
- 11.5 The City shall not be liable for any expense incurred in connection with preparation of a response to this RFP.
- 11.6 The contract document shall incorporate by reference all requirements, terms and conditions of the solicitation, proposal received and all negotiated details.

## 12. LIVING WAGE

- 12.1 The bidders agree to pay all employees employed in the performance of this contract, a base wage of not less than the City Living Wage per Section 2.81 of the Lincoln Municipal Code. This wage is subject to change every July.

# THE CITY OF LINCOLN REQUEST FOR PROPOSALS FOR CITY AUDIT SERVICES

## 1. INTRODUCTION

- 1.1 The City of Lincoln is seeking proposals for furnishing audit services to the City of Lincoln, in accordance with generally accepted auditing standards, of financial statements prepared in accordance with generally accepted accounting principals applicable to governments, and in accordance with provisions of the Single Audit Act of 1984 as amended in 1996, OMB Circular A-133, and applying agreed-upon procedures as specified in Title 132 – Integrated Solid Waste Management Regulations.
- 1.2 The service is to cover the four-year period September 1, 2007 though August 31, 2011, to include audits of the fiscal years ended 2007, 2008, 2009, and 2010, with an option to renew for one additional term up to four years (See Section 7.3).
- 1.3 The proposal information requests and evaluation criteria are as follows:

## 2. INDIVIDUAL AUDIT STAFF TECHNICAL QUALIFICATIONS

### RFP INFORMATION REQUESTS

### EVALUATION CRITERIA

- |   |   |
|---|---|
| 2.1 Describe the experience in government audits of each senior and higher level person assigned to this audit, including years on each job and their position while on each audit. Indicate the percentage of time the senior will be on-site. Provide a list of similar prior and current audits for each senior person assigned to this audit. | Each individual, including senior and supervisory persons, should have performed at least three government audits within the past two years.                            |
| 2.2 Describe the relevant educational background of each individual assigned to the audit. This should include seminars and courses attended within the past two years.   | Each individual, including senior & supervisory persons, should have attended at least one governmental accounting or auditing update course within the past two years. |
| 2.3 Describe experience of assigned individuals in auditing relevant to particular government organizations, programs, activities or functions.   | Points are given only if one or more persons have experience in a particular government organization, program, activity or function relevant to this audit.             |
| 2.4 Describe participation of each senior and higher level person assigned to the audit in state or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.   | At a minimum, the partner or manager/supervisor should have some participation in state or national professional organizations.   |

### 3. AUDIT ORGANIZATION/LOCAL OFFICE TECHNICAL QUALIFICATIONS AND APPROACH

#### RFP INFORMATION REQUESTS

#### EVALUATION CRITERIA

- |       |  |   |
|-------|--|---|
| 3.1   | Indicate the number of people (by level) located within the local office that will conduct and supervise the audit.  | Provides depth of staff within the local office.  |
| 3.2   | Provide a list of the local office's current and prior government audit clients indicating the type(s) of services performed and the number of years served for each.  | Provides depth of government audit experience within the office, as well as the years devoted to government auditing. |
| 3.3   | Indicate your firm's expertise in providing interpretations of pronouncements requiring new or changed financial disclosures and their applications to the financial statements; include resources available to you other than your local office. List the name of the governmental clients that your local office has provided this service to and the type of help provided. | Provides depth of additional technical expertise available within the local office and other firm resources.          |
| 3.4   | Indicate training and experience with audits performed under the Single Audit Act of 1984 as amended in 1996 and OMB Circular A-133 by individuals on the audit team.  | Provides depth of understanding of the Single Audit Act of 1984 as amended in 1996 and OMB Circular A-133.            |
| 3.5   | Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs.  | This is related to quality of the audit and review process within the audit organization and local office.            |
| 3.6   | Describe your approach to the audit. This should include at least the following points:  |   |
| 3.6.1 | Type of audit program used (tailor-made, standard government).   | Tailor-made,<br>Standard government   |
| 3.6.2 | Use of statistical sampling.   | Denotes sophisticated audit approach.   |
| 3.6.3 | Organization of audit team and approximate percentage of time spent on audit.  | Provides depth of audit team.   |
| 3.6.4 | Management letter (provide a sample letter).   | Emphasis should be on improving operational efficiencies.   |
| 3.6.5 | Typical assistance expected from government's staff.   | Reasonable or unreasonable.   |

- |       |   |   |
|-------|---|---|
| 3.6.6 | Tentative schedule for completing audit within specified deadlines of the RFP, including time estimates, number of hours required to complete audit, i.e. percentage of time for report review and detailed testing, and commencement & completion dates. | Reasonable or unreasonable.   |
| 3.7.  | Describe your audit organization's experience with performing procedures specified in Title 132 – Integrated Solid Waste Management Regulations related to financial assurance requirements.  | Provides depth of understanding of Title 132 – Integrated Solid Waste Management Regulations. |

**4. AUDIT FEE**

**RFP INFORMATION REQUESTS**

**EVALUATION CRITERIA**

- |     |  |                |
|-----|--|----------------|
| 4.1 | The proposal shall include an audit fee for a four (4) year period. The fee should include a fixed price proposal for each of the four years, subject to adjustment due to mutually agreed upon extenuating circumstances. Implementation of <u>new GASBs</u> should be considered <u>within the scope of the audit</u> and included in the fixed price proposal. Indicate how the fee was determined. Submit separate fees for City Audit, Solid Waste Management Audit (including Title 132 procedures), EMS Audit, Parking Facilities Audit, and CHE Audit. | Maximum points |
| 4.2 | <u>Price proposals are to be submitted in a separate, sealed envelope.</u> They will only be opened when the firms have been ranked and interviewed.   |                |

**5. SCOPE OF THE AUDIT**

- 5.1 The audit services are to cover all City of Lincoln funds with the exception of the following: Lincoln Electric System, Lincoln Water System, and Lincoln Wastewater System.
- 5.2 The audit must include provisions of the Single Audit Act of 1984 as amended in 1996 & include the financial and compliance audit requirements of OMB Circular A-133.
- 5.3 The audit should lead to the expression of an unqualified opinion on the financial statements that collectively comprise the City's basic financial statements, and a supplemental, in relation to, opinion to the combining and individual nonmajor fund statements.
- 5.4 The audit should lead to the expression of additional unqualified opinions directed to the Solid Waste Management fund, the Emergency Medical Services (EMS) fund, the Parking Facilities fund, and the Community Health Endowment (CHE) fund. Significant attention should be directed toward cash counts, cash handling procedures and receivables accounting procedures.
- 5.5 The service should **include** interpretations (written upon request) of GASB pronouncements and specific guidance in applying them to the City's preparation of financial statements in accordance with generally accepted accounting principles applicable to governments.
- 5.6 The service shall include assistance to the City to continue to meet requirements for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program.
- 5.7 The service shall include the preparation of a formal management letter.

- 5.8 The service shall include applying agreed-upon procedures as specified in Title 132 – Integrated Solid Waste Management Regulations, to assist the Nebraska Department of Environmental Quality in evaluating the City of Lincoln's use of the financial test to demonstrate financial assurance for closure and post-closure care.

## 6. ADDITIONAL INFORMATION

- 6.1 The City of Lincoln uses the JDEdwards Financial Accounting System.
- 6.1.1 The Auditor is expected to utilize the "drill down" functionality of the system in order to minimize interruptions to City staff.
- 6.2 The Lincoln Electric System, Lincoln Water System and Lincoln Wastewater System funds are reviewed under separate audit contracts.
- 6.2.1 It has been determined, under criteria of GASB 14, that these functions are departments of the City of Lincoln and are included as major funds in the City's Comprehensive Annual Financial Report.
- 6.3 The Parking Facilities Fund does not presently have a separate audit conducted or report issued. The City is tentatively planning to initiate the Parking Facilities audit sometime during this contract period.
- 6.4 The Audit of CHE should be considered a separate contract with CHE. CHE has requested that the City obtain proposals for the CHE audit along with the City's audit.
- 6.5 Funds are structured by fund types as specified in GAAFR.
- 6.6 The City's accounting records are maintained on a cash basis for receipts and modified cash basis for expenditures.
- 6.6.1 The accounting records are converted to GAAP at fiscal year end. Encumbrances are carried forward as appropriations for budgetary accounting.
- 6.7 City personnel will post all required adjusting and closing entries.
- 6.7.1 The City's standard is to have no reportable audit differences.
- 6.8 City personnel will prepare all statements and schedules.
- 6.8.1 City personnel will also prepare the notes to the basic financial statements, but some assistance may be required from the Auditors.
- 6.8.2 The City will be responsible for printing the Comprehensive Annual Financial Report.
- 6.8.3 The Auditor will be responsible for printing the Solid Waste Management, EMS, Parking Facilities, and CHE Audits.
- 6.9 Total entity-wide program expenses and revenues for the fiscal year ended August 31, 2006 (less Lincoln Electric System, Lincoln Water System, and Lincoln Wastewater System) were approximately \$231,000,000 and \$129,000,000, respectively.
- 6.9.1 Total general revenues and transfers (excluding the Utility funds) were approximately \$131,000,000.
- 6.10 Total operating expenses for the fiscal year ended August 31, 2006 for the Solid Waste Management Fund were \$6,140,000.
- 6.11 Total operating expenses for the fiscal year ended August 31, 2006 for the EMS Fund were \$3,708,000.
- 6.12 Total operating expenses for the fiscal year ended August 31, 2006 for the Parking Facilities Fund were \$3,815,000.
- 6.13 Total expenditures for CHE for the fiscal year ended August 31, 2006 were \$950,000.
- 6.14 The City's previous year's Comprehensive Annual Financial Report can be found on the City's web site at the following address:
- 6.14.1 <http://www.lincoln.ne.gov/city/finance/account/cafr2006.htm>
- 6.14.2 The City will continue to post the CAFR on the City's website each year.
- 6.15 The City has been awarded the Government Finance Officer's Association Certificate of Achievement for Excellence in Financial Reporting for the fiscal years ending 1983 through 2005 and has submitted the 2006 CAFR for consideration.
- 6.16 The City plans to continue participation in the Certificate of Achievement Program.
- 6.17 The City's fiscal year is September 1, through August 31.
- 6.18 City staff will provide assistance in locating documents and files and in understanding the system reports.
- 6.19 The audit committee will evaluate all proposals and may select for oral presentation three finalists, based on the evaluation criteria identified in Section I.

- 6.20 The City issues bonds periodically and will use the CAFR liftable statements in our Bond document.
  - 6.20.1 The City will require an audit opinion on the liftables only.
  - 6.20.2 If your firm requires a review of the Bond document before we are given a separate opinion on these liftables, please include a fixed fee for this review with the fee schedule requested in Section 7.3.
- 6.21 The Finance Department is issuing this RFP for the City of Lincoln.
  - 6.21.1 Please refer all inquiries in writing to Peggy Watchorn, City Controller's Office, 555 South 10th Street, Lincoln, NE 68508.
  - 6.21.2 Send copy of all inquiries to Tom Koppiin, Assistant Purchasing Agent, 440 So. 8<sup>th</sup> St., Lincoln, NE 68508.

7. **INSTRUCTIONS TO OFFERER**

- 7.1 Each proposal must be legibly printed in ink or typed, include the full name and business address of the firm, and be signed in ink by the contractor.
  - 7.1.1 A proposal by a firm or organization other than a corporation must include the name and address of each member.
  - 7.1.2 A duly authorized official must sign a proposal by a corporation in the name of such corporation thereof.
  - 7.1.3 Any person signing a proposal for a firm, corporation or other organization unit should show evidence of his/her authority so to bind such firm, corporation, or organization.
- 7.2 The City, upon presentation of billing statements from the contractor for services rendered, will make periodic payments, but not more than monthly.
  - 7.2.1 A separate invoice must be presented for work on each audit, i.e. City, Solid Waste Management, EMS, Parking Facilities, and CHE.
- 7.3 The proposal shall include an audit fee for each of the four (4) year periods.
  - 7.3.1 The offer shall include a fixed price proposal for each of the four years, subject to adjustment due to mutually agreed upon extenuating circumstances.
  - 7.3.2 Indicate how the fee was determined.
  - 7.3.3 (Price proposals must be submitted in a separate, sealed envelope).
  - 7.3.4 In addition to a fixed price proposal for the City audit:
    - 7.3.4.1 The proposal shall include a separate fixed price proposal for the annual audit of the Solid Waste Management fund; to include the agreed-upon procedures related to Title 132.
    - 7.3.4.2 The proposal shall include a separate fixed price proposal for the annual audit of the EMS Fund.
    - 7.3.4.3 The proposal shall include a separate fixed price proposal for the annual audit of the Parking Facilities Fund.
    - 7.3.4.4 The proposal shall include a separate fixed price proposal for the annual audit of the CHE fund.
- 7.4 The proposal shall include a fee schedule to be used should the firm be called upon to perform auditing or accounting services that fall outside the scope of the audit service during the four year contract period.
- 7.5 The proposals will be accepted at City Purchasing Department, Suite 200, 440 South 8th Street, Lincoln, NE 68508, not later than **12:00 Noon on May 11, 2007.**
  - 7.5.1 Include an original and five copies of the proposal.
  - 7.5.2 The City of Lincoln reserves the right to accept any proposal, reject any or all proposals, or to waive any defects in any proposal.
  - 7.5.3 Any proposal received after the specified time for filing will be rejected.
  - 7.5.4 Price proposals are to be submitted in a separate, sealed envelope.
  - 7.5.5 Include only one (1) fee envelope.
- 7.6 The proposal should be directed to the following approximate time schedule for the City, Solid Waste Management, EMS, Parking Facilities, and CHE Audits:
  - 7.6.1 Prior to August 31: Records can be made available to contractor for preliminary audit work (planning, testing, etc).
  - 7.6.2 September 1 - November 30: City Finance personnel perform adjusting and closing entries and prepare financial statements.
  - 7.6.3 December 1 - January 15: Contractor performs audit of financial statements.

- 7.6.4 February 1: Audit opinions and management letters presented to the City.
- 7.6.5 February 15: CAFR printed.
- 7.6.6 Contractor must be available for technical interpretations and guidance anytime.

8. **AWARDING OF AUDIT CONTRACTS (tentative timetable)**

8.1	Final Date of Receipt of Proposals	05/11/07
8.2	Notification of Finalists	05/18/07
8.3	Oral Presentation by Finalists	06/01/07
8.4	1 <sup>st</sup> Reading by City Council	06/25/07
8.5	Council Approval	07/09/07

**THE CITY OF LINCOLN  
REQUEST FOR PROPOSALS  
FOR  
AUDIT SERVICES  
FOR  
THE WATER AND WASTEWATER UTILITIES**

**1. INTRODUCTION**

- 1.1 The City of Lincoln is seeking proposals for furnishing audit services to the City of Lincoln in accordance with generally accepted auditing standards and to prepare financial statements in accordance with generally accepted accounting principals applicable to governments, specifically enterprise funds, and in accordance with provisions of the Single Audit Act of 1984 as amended in 1996 and OMB Circular A-133.
- 1.2 The service is to cover the four-year period September 1, 2007 through August 31, 2011, to include audits of the fiscal years ended 2007, 2008, 2009, 2010, with an option to renew for one additional term up to four years (See Section 7.3).
- 1.3 The proposal information request and evaluation criteria is as follows:

**2. INDIVIDUAL AUDIT STAFF TECHNICAL QUALIFICATIONS**

**RFP INFORMATION REQUESTS**

- 2.1 Describe the experience in government utility audits of each senior and higher level person assigned to the audit, including years on each job and their position while on each audit. Indicate the percentage of time the senior will be on-site. Provide a list of prior and current similar audits for each senior person assigned this audit.
- 2.2 Describe the relevant educational background of each individual assigned to the audit. This should include seminars and courses attended within the past two years.
- 2.3 Describe experience of assigned individuals in auditing relevant particular government utility organizations, programs, activities or functions.
- 2.4 Describe participation of each senior and higher level person assigned to the audit in state or national professional organizations, speaker or instructor roles in conferences or seminars or authorship of articles and books.

**EVALUATION CRITERIA**

Each individual including the senior and supervisory persons should have performed at least three government audits within the past two years.

Each individual including senior and supervisory persons should have attended at least one governmental accounting or auditing update course within the past two years.

Points are given only if one or more persons have experience in a particular government utility organization, program, activity or function relevant to this audit.

At a minimum, the partner or manager/supervisor should have some participation in state or national professional organizations.

### 3. AUDIT ORGANIZATION/LOCAL OFFICE TECHNICAL QUALIFICATIONS AND APPROACH

#### RFP INFORMATION REQUESTS

- 3.1 Indicate the number of people (by level) located within the local office that will conduct and supervise the audit.
- 3.2 Provide a list of the local office's current and prior government audit clients indicating the type(s) of services performed and the number of years served for each.
- 3.3 Indicate your firm's expertise in providing interpretations of pronouncements requiring new or changed financial disclosures and their applications to the financial statements, include resources available to you other than your local office. List the name of the governmental utility clients that your local office has provided this service to and the type of help provided.
- 3.4 Indicate training and experience with audits performed under the Single Audit Act of 1984 as amended in 1996 and OMB Circular A-133 by individuals on the audit team.
- 3.5 Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs.
- 3.6 Describe your approach to the audit. This should include at least the following points:
- 3.6.1 Type of audit program used (tailor-made, standard utility).
- 3.6.2 Use of statistical sampling.
- 3.6.3 Organization of audit team and approximate percentage of time spent on audit.
- 3.6.4 Management letter (provide a sample letter).
- 3.6.5 Typical assistance expected from government's staff.
- 3.6.6 Tentative schedule for completing audit within specified deadlines of the RFP, including time estimates, commencement and completion of work, including elapsed time and total number of hours to complete work, and anticipated date for financial reports to be delivered to Public Works/Utilities Business Office.

#### EVALUATION CRITERIA

- Provides depth of staff within office.
- Provides depth of government audit experience within the office, as well as the years devoted to government auditing.
- Provides depth of additional technical expertise available within the local office and other firm resources.
- Provides depth of understanding of the Single Audit Act of 1984 as amended in 1996 and OMB Circular A-133.
- This is related to quality of the audit and review process within the audit organization and local office
- Tailor-made,  
Standard Utility
- Denotes sophisticated audit approach.
- Provides depth of audit team
- Emphasis should be on improving operational efficiencies.
- Reasonable or unreasonable.
- Reasonable or unreasonable.

4. AUDIT FEE

RFP INFORMATION REQUESTS

- 4.1 The proposal shall include an audit fee for a four (4) year period. The fee should include a fixed price proposal for each of the four years, subject to adjustment due to mutually agreed upon extenuating circumstances.  
Implementation of new GASBs should be considered within the scope of the audit and included in the fixed price proposal. Indicate how the fee was determined.
- 4.2 Price proposals are to be submitted in a separate, sealed envelope. They will only be opened when the firms have been ranked and interviewed.

EVALUATION CRITERIA

Maximum points.

5. SCOPE OF THE AUDIT

- 5.1 The audit services are to cover the Lincoln Water System and the Lincoln Wastewater System, which comprise two separate utilities, with separate accounting records.
- 5.2 The audit should lead to the expression of an unqualified opinion directed to the financial statements of each utility.
- 5.3 The service should include interpretations of FASB and GASB pronouncements and guidance in applying them to the preparation of financial statements in accordance with generally accepted accounting principles.
- 5.4 The service should include the preparation of formal management letters.
- 5.5 The audit must include provisions of the Single Audit Act of 1984 as amended in 1996 and include the Financial and Compliance Audit Requirements required by OMB Circular A-133.

6. ADDITIONAL INFORMATION

- 6.1 The City uses the JD Edwards Financial Accounting System.
- 6.2 The water utility and wastewater utility records are maintained separately.
- 6.3 Total receipts and expenditures for the Fiscal Year 2005-06 were:  
6.3.1 Water Utility operating revenues of \$25,599,610 and operating expenditures of \$20,207,151.  
6.3.2 Wastewater Utility operating receipts of \$17,997,650, and operating expenditures of \$16,966,654.
- 6.4 City personnel will post adjusting and closing entries.  
6.4.1 The City's standard is to have no reportable audit differences.
- 6.5 City personnel will prepare all statements and schedules.  
6.5.1 City personnel will also prepare notes to the financial statements, but some assistance may be required from the auditors.
- 6.6 The City's fiscal year is September 1 through August 31.
- 6.7 City staff will provide assistance in locating documents and files and in understanding the system reports.
- 6.8 The audit committee will evaluate all proposals and may select for oral presentation three finalists, based on the evaluation criteria identified in Sections 2 and 3.
- 6.9 This RFP is being issued for the City of Lincoln by the Finance Department.  
6.9.1 Please refer all inquires in writing to Margaret Remmenga, Public Works/Utilities Business Manager, 555 South 10<sup>th</sup> Street, Lincoln, NE 68508.  
6.9.2 Send copy of all inquiries to Tom Kopplin, Assistant Purchasing Agent, 440 So. 8<sup>th</sup> St., Lincoln, NE 68508.

7. INSTRUCTIONS TO OFFERER

- 7.1 Each proposal must be legibly printed, including the full name and business address of the firm, and be signed in ink by the contractor.
  - 7.1.1 A proposal by a firm or organization other than a corporation must include the name and address of each member.
  - 7.1.2 A proposal by a corporation must be signed in the name of such corporation by a duly authorized official thereof.
  - 7.1.3 Any person signing a proposal for a firm, corporation, or other organizational unit should show evidence of his/her authority to bind such firm, corporation, or organization.
- 7.2 Payment in full will be made by the City within thirty (30) days after the completed report is presented to the City; interim payments can be negotiated.
- 7.3 The proposal shall include an audit fee for each of the four (4) year periods.
  - 7.3.1 The fee should include a fixed price proposal for each of the four years, subject to adjustment due to mutually agreed upon extenuating circumstances.
  - 7.3.2 Indicate how the fee was determined.
  - 7.3.3 (Price proposals must be submitted in a separate sealed envelope).
- 7.4 The proposal shall include a fee schedule to be used should the firm be called on to perform auditing or accounting services which all outside the scope of the audit service during the four year contract period.
- 7.5 The proposals will be accepted at City Purchasing Department, Suite 200, 400 South 8<sup>th</sup> Street, Lincoln, NE 68508, not later than **12:00 Noon on Friday May 11, 2007.**
  - 7.5.1 Include an original and five copies of the proposal.
  - 7.5.2 The City of Lincoln reserves the right to accept any proposal, reject any or all proposals, or to waive any defects in any proposal.
  - 7.5.3 Any proposal received after the specified time for filing will be rejected.
  - 7.5.4 Price proposals are to be submitted in a separate, sealed envelope.
    - 7.5.4.1 Include only one fee envelope.
- 7.6 The proposal should be directed to the following approximate time schedule:
  - 7.6.1 Prior to August 31: Records can be made available to contractor for preliminary audit work (planning, testing, etc.).
  - 7.6.2 August 31: Contractor performs year-end cut-off procedures (inventories, cash counts, confirmations, etc.).
  - 7.6.3 September 1 - November 30: Contractor performs audit; review financial statements; prepare opinions and management letters.
  - 7.6.4 November 30: Audit opinion and management letter presented to Utility.
  - 7.6.5 Contractor must be available for technical interpretations and guidance anytime.

8. AWARDING OF AUDIT CONTRACTS (tentative timetable)

8.1	Final Date of Receipt of Proposals	05/11/07
8.2	Notification of Finalists	05/18/07
8.3	Oral Presentation by Finalists	06/01/07
8.4	1 <sup>st</sup> Reading by City Council	06/25/07
8.5	Council Approval	07/09/07