

COUNTY OF UMATILLA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

I. INTRODUCTION

A. General Information

The County of Umatilla is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2011, with the option of auditing its financial statements for each of the two subsequent fiscal years. To be considered, four (4) copies of a proposal must be received by the Finance Director, County of Umatilla at 216 SE 4th St, Pendleton, Oregon, by 4:00 pm on August 5, 2011. The County of Umatilla reserves the right to reject any or all proposals submitted.

During the evaluation process, the County of Umatilla reserves the right, where it may serve the County's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the County of Umatilla, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The County of Umatilla reserves the right to retain all proposals submitted. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County of Umatilla and the firm selected.

It is anticipated the selection of a firm will be completed by August 15, 2011. Following the notification of the selected firm it is expected a contract will be executed between the parties as soon as possible.

B. Term of Engagement

A three-year contract is contemplated, subject to the satisfactory negotiation of terms (including a price acceptable to both the County of Umatilla and the selected firm), the concurrence of the Umatilla County Commissioners and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

The County of Umatilla desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with the cash basis of accounting.

The County of Umatilla also desires the auditor to express an opinion on the fair presentation of its combining and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. The

auditor, however, is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the statistical section of the report.

The auditor is required to audit the schedule of federal financial assistance. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements. The schedule of federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance are to be issued as part of the comprehensive annual financial report.

The audit firm shall prepare and submit a preliminary draft of the financial statement reporting package, including auditor comments and disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations, by November 15, 2011, if possible, for review. The goal is to have the auditor print 10 copies and assemble the financial statement reporting package by December 1, 2011. An electronic copy of the audit will also be provided to the County. Each year the schedule will be reviewed and adjusted if appropriate.

A supplementary financial report in compliance with the Single Audit Act of 1984 and OMB Circular A-133 is required to be performed by the audit firm.

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

B. Auditing Standards To Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards (1988), the provisions of the Single Audit Act of 1984 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments, and Minimum Standards as outlined in Oregon Revised Statutes, Chapters 297.405 to 297.999 and related administrative rules.

III. DESCRIPTION OF THE GOVERNMENT

A. Contact Person

The auditor's principal contact with the County of Umatilla will be Robert Pahl, Finance Director. Alternate contacts will be Marie Jones, County Accountant, or Bob Heffner, County Budget Officer.

B. Background Information

The County of Umatilla serves an area of 3,231 square miles with a population of approximately 69,000. The County of Umatilla's fiscal year begins on July 1st and ends on June 30th.

There are no component units, joint ventures, or enterprise funds.

The County of Umatilla has a total monthly gross payroll of approximately \$1,193,000 covering approximately 329 employees with an FTE of 295 employees.

The total audit fee for fiscal year ended June 30, 2010 was \$22,600.

More detailed information on the government and its finances can be found in the FY04 Financial Statements, included as Appendix A.

C. Fund Structure

The County of Umatilla uses the following fund types and account groups in its financial reporting:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>
General fund	1
Special revenue funds	33
Capital projects funds	4
Debt Service funds	3
Internal service funds	1
Agency funds	3
Former non-qualifying special revenue	4

D. Budgetary Basis of Accounting

The County of Umatilla prepares its budgets on a cash basis consistent with requirements of Oregon Local Budget Law (ORS 294.305 - 294.565).

E. Pension Plans

The County of Umatilla participates in the State of Oregon Public Employees Retirement System (P.E.R.S.) which is a cost sharing multiple employer plan. All qualified employees of the County are covered by the plan after six months of employment. The Public Employees Retirement Plan is a defined benefit pension plan.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	July 14, 2011
Due date for proposals	August 5, 2011
Recommendation/Approval of a firm	August 15, 2011

B. Notification and Contract Dates

Selected firm notified	August 15, 2011
Contract begin date	August 15, 2011

C. Schedule for the Fiscal Year Audit.

Auditors shall provide a detailed audit work plan, including proposed time line, by two weeks prior to the commencement of the audit.

In scheduling for the County of Umatilla's audit, potential auditors should be aware of the impact of the Pendleton Round Up, traditionally held the second full week in September. During this week, the population of Pendleton swells to more than 40,000. This influx of visitors tends to bring normal day-to-day operations of the County to a halt. Auditors should plan to have minimal contact with County staff during the second week in September.

D. Entrance Conferences, Progress Reporting and Exit Conferences

Auditors should plan to have an entrance conference with the Finance Director and key finance staff as soon after the contract award as the meeting can be arranged. A draft audit schedule should be available for discussion at that time.

E. Date Final Report is Due

The required audit reports should be available for presentation to the County Commissioners no later than the first week in December. The audit schedule should allow sufficient time for review by County staff, prior to this date. The schedule for 2011 may require an extension.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documents and explanations. The preparation of confirmations will be the responsibility of the auditor.

B. Statements and Schedules to be Prepared by the Staff of the County of Umatilla:

Reconciliation of all cash accounts
Schedule of investments and accrued interest
Reconciliation of property taxes receivable
Detail of physical inventory
Fixed asset listing with depreciation schedules
Detail of accounts payable
Schedule of Interfund Transfers and Due to Other Funds
Detail of sales of land, buildings, and equipment

C. Work Area, Telephones, Photocopying and FAX Machines

The County of Umatilla will provide the auditor with reasonable work space and chairs. The auditor will also be provided with access to a telephone line, a photocopying facility and a FAX machine.

Normal working hours for the Finance Department are from 8:00 am to 5:00 pm, Monday through Friday. Additional on-site hours may be available, depending on the Finance Department's schedule. Auditors should discuss any anticipated on-site overtime as part of the audit schedule. Auditors should discuss the process for handling any unanticipated on-site overtime as part of the entrance conference.

D. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

B. Technical Proposal

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the County of Umatilla in conformity with the requirements of this request for proposals. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this audit. It should also specify an audit approach that will meet the request for proposals requirements.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the maximum fee proposal). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 6 must be included. They represent the criteria against which the proposal will be evaluated.

2. License to Practice as a Municipal Auditor in the State of Oregon

An affirmative statement should be included as to the members of the firm to be assigned to the County of Umatilla's engagement that are licensed as municipal auditors for the State of Oregon.

3. Firm Qualifications and Experience

The proposer 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 audit is to be performed and the number and nature of the professional staff to be employed in this audit on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

4. Partner, Supervisory and Staff Qualifications and Experience

The proposer should identify the principal supervisory and management staff, including audit partners, managers, other supervisors and specialists, who would be assigned to the audit. The proposer should indicate whether each such person is licensed to practice as a certified public accountant in Oregon, and provide information on the government auditing experience of each person. Resumes should indicate experience in auditing local governments, including automated accounting systems and federal and state grant auditing.

Firm partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior

written permission of the County of Umatilla. In either case, the County of Umatilla retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

5. 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 proposal. A proposed time line should be included.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the audit
- b. Level of staff and number of hours to be assigned to each proposed segment of the audit (No dollars should be included in the technical proposal)
- c. Sample size and the extent to which statistical sampling is to be used in the audit
- d. Type and extent of analytical procedures to be used in the audit
- e. Approach to be taken in drawing audit samples for purposes of tests of compliance

6. Proposer's Qualifications and Representations Form (Appendix C.)

C. Fee Proposals

1. Estimated number of hours, with hourly rate, to complete the audit by classification (partner, senior, junior). The cost of special services described in Section II C of this request for proposal should be disclosed as separate components within the maximum fee proposal.
2. Detail of estimated expenses (mileage, per diem, telephone, etc.)
3. Maximum fee that your firm will charge the County for the audit of the fiscal year ending June 30, 2011, June 30, 2012, June 30, 2013. This fee includes out-of-pocket expenses as described in #2 above.
4. Rates for Additional Professional Services

If it should become necessary for County of Umatilla to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this audit, then such additional work shall be performed only if set forth in an addendum to the contract between County of Umatilla and the firm. Any such additional work agreed to between County of Umatilla and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included

in the sealed fee proposal.

5. Manner of Payment

Full payment for rendering of services will be made in two payments. One "progress payment" will be made which usually represents the bulk of the total. Another payment will be made with the submission of a final statement from the auditors.

VII. EVALUATION PROCEDURES

A. Evaluation Committee

Proposals submitted will be evaluated by committee members.

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for technical qualifications. The top three technical proposals will then be evaluated based on price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice as a municipal auditor in Oregon.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the County of Umatilla.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The firm has a record of quality audit work.

2. Technical Quality: (Maximum Points - 60)

a. Expertise and Experience

- (1) The firm's past experience and performance on comparable Oregon local government audits.
- (2) The quality of the professional personnel to be assigned to the audit and the quality of the firm's management support personnel to be available for technical consultation.
- (3) The experience of the professional personnel assigned to the audit on comparable Oregon local government audits.

b. Audit Approach

- (1) Adequacy of proposed staffing plan for various segments of the audit

- (2) Reasonableness of audit work plan proposed.
- (3) Adequacy of sampling techniques
- (4) Adequacy of analytical procedures

3. Price: (Maximum Points - 40)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION

C. Oral Presentations

Following the initial evaluation process to narrow the responses to the top three, the Board of Commissioners may request those firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Board of Commissioners may have on a firm's proposal.

D. Final Selection

The County Commissioners may select a firm from those submitted. It is anticipated that a firm will be selected by August 15, 2011. Following notification of the firm selected, it is expected a contract will be executed between both parties as soon as possible.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County of Umatilla and the firm selected.

The County of Umatilla reserves the right without prejudice to reject any or all proposals.

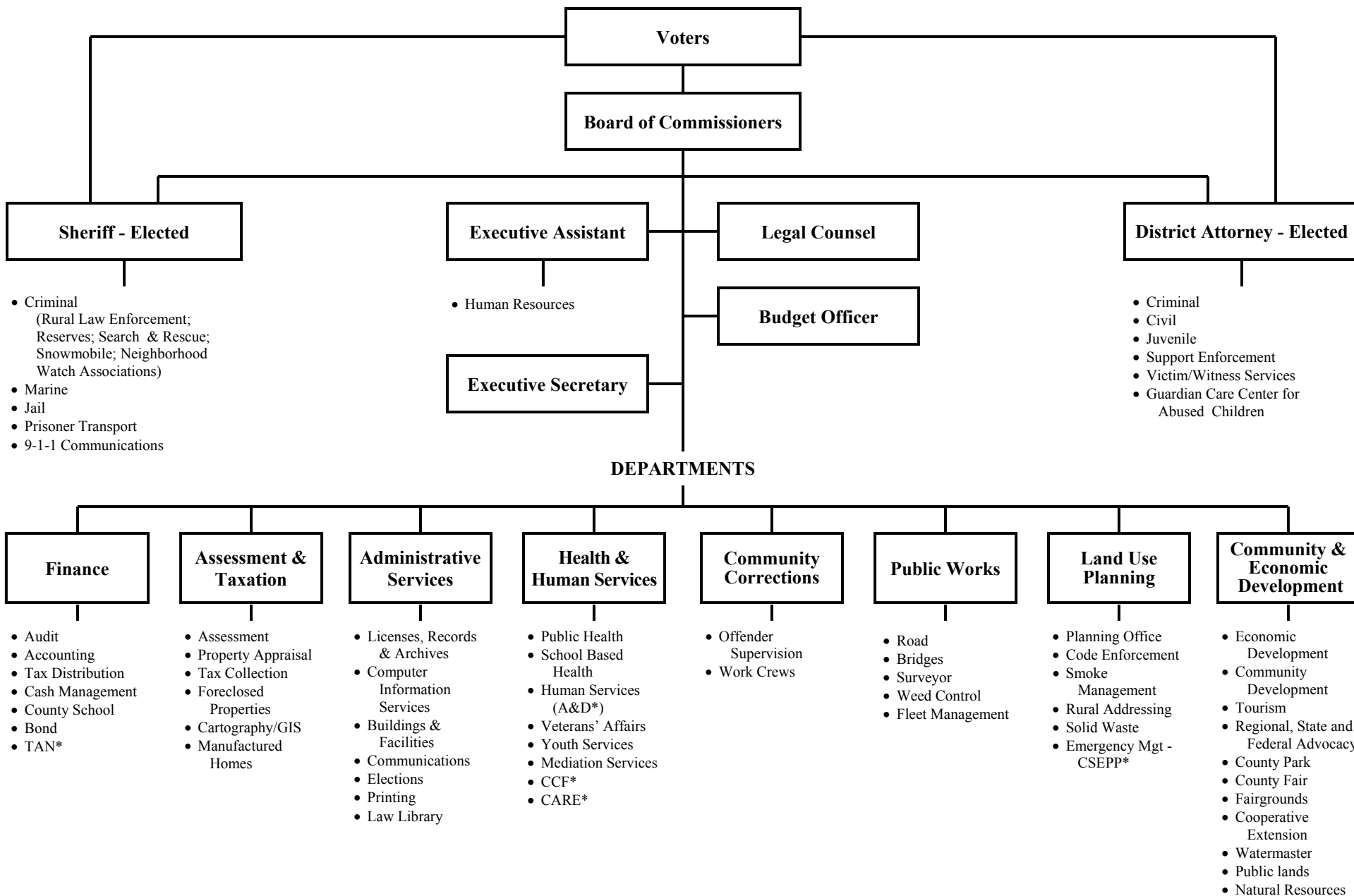
F. Acceptance or Rejection of Proposals

Umatilla County will accept the proposal which, in its estimation, will best serve the interests of Umatilla County, and reserves the right to award a contract to the proposer whose proposal shall be best for the public good. Umatilla County reserves the right to accept or reject any or all proposals received as the result of this RFP, to negotiate with all qualified sources, and/or cancel all or part of this RFP at any time. Until such time as a written contract, on terms acceptable to Umatilla County, has been signed with the awarded bidder, there shall be no enforceable contract for the requested services.

APPENDICES

- A. An electronic copy of the 2009-10 audited financials can be requested from Robert Pahl at (541) 278-6210.
- B. County of Umatilla's Organizational Chart.
- C. Proposer's Qualifications and Representations form.

UMATILLA COUNTY ORGANIZATIONAL CHART



*TAN = Tax Anticipation Notes
 *BOPTA = Board of Property Tax Appeals
 *A&D = Alcohol & Drug Program

*CCF = Commission on Children and Families
 *CARE = Community Access for Resource Effectiveness Program
 *CSEPP = Chemical Stockpile Emergency Preparedness Program

APPENDIX C

**COUNTY OF UMATILLA, OREGON
REQUEST FOR PROPOSAL FOR AUDIT SERVICES**

PROPOSER'S QUALIFICATIONS AND REPRESENTATIONS

(Note: This form must be included with your proposal.)

GENERAL INFORMATION

1. Name (firm or individual) of Proposer.

2. Address.

3. Federal Identification Number. _____

4. How long have you been in business? _____

5. Are you a partnership? YES____ NO____

If yes, please list names of all Pendleton-area audit partners.

AUDIT PARTNERS: _____

6. Number of professional audit staff employed
in the home office. _____

7. Is the firm presently engaged to perform
audit services to any other governmental
agencies within Oregon. YES____ NO____

If yes, please provide the following: Name of agency, population, Fiscal year end, contract period
ends, professionals assigned, and client contact with phone number.

8. Has the firm ever bid or submitted a proposal to Umatilla County, Oregon under another name?

YES____ NO____

If yes, please list the name(s) used.
