

**REQUEST FOR PROPOSAL**

**CITY OF OKLAHOMA CITY AND RELATED  
TRUSTS AUDIT SERVICES**

**FOR ONE YEAR WITH FOUR ONE-YEAR  
RENEWAL OPTIONS**

**PROPOSALS DUE FEBRUARY 23, 2010**

**CITY OF OKLAHOMA CITY**

Pre-Proposal Conference

January 27, 2010

***Agenda***

1. Introductions

a. City Staff:

Finance Director – Laura A. Johnson  
Controller – Glen Earley  
Assistant Controller – Alex Fedak  
Accounting Manager – David Price  
Accounting Manager – Rebecca Rhodes  
Payroll Manager – Dawn Thurman  
Administrative Coordinator – Vicki Hohmann

Airports Business Manager – Cheryl Pierce  
Zoo Financial Manager – Brent Helmer

b. Audit Firms –

Please sign the attendance sheet and leave business cards

2. Information Packets

2009 CAFR  
2009 Public Trust Reports  
2009 Single Audit Report  
Accounting Services Division Organizational Chart  
2009 CAFR Supplement (unaudited)  
2009 Report to Management

3. Other Items

- a. Office visits – call Vicki Hohmann for appointments at 297-2702
- b. Systems (implemented July 1, 2003) – PeopleSoft Financials and Human Resources; Kronos Timekeeping; SAP Utility Billing; Iovah Treasury System

4. Questions

The City of Oklahoma City  
Request for Proposals for Audit Services

I. Introduction

The City of Oklahoma City operates under the Council-Manager form of government and provides the normal services of most large cities including police protection, fire protection, parks, public facilities, traffic control, street construction, and street maintenance. Services which the City provides in cooperation with "public trusts," and for which a fee from the user is collected, are water, wastewater, solid waste management, stormwater drainage, golf courses, airports, zoo, transportation, parking, Port Authority, and fairgrounds.

The modified accrual basis of accounting is used by all the funds of the City except the enterprise funds, internal service funds, the retirement trust funds, and similar component units, which are accounted for on the accrual basis.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance/net assets, revenues, and expenditures/expenses.

The City's financial system incorporates the ability to pool unrestricted cash and investments for investment purposes while maintaining separate accountability for each fund's share of the pool.

The City's accounting system is fully automated. Currently, the City utilizes the Peoplesoft Version 8.9 for Financial and Version 8.9 for Human Resources systems to fulfill financial, personnel and payroll functions. We utilize a three tier, multi-site architecture with two MSSQL database servers, four application servers, two process schedulers and eight web servers for both Internet and Intranet access. These systems are accessed through a Cisco load balancing system for high availability and fault tolerance. In addition, the City utilizes log shipping to replicate data between SQL servers to allow for recovery in the event of a site failure.

The City's dedication to excellence in financial reporting is exemplified by its participation in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. The City has earned the certificate for fiscal years 1983 through 2008, and has submitted the Comprehensive Annual Financial Report (CAFR) for fiscal year ending June 30, 2009. The Oklahoma City Department of Airports and the Oklahoma City Employee Retirement System (OCERS) will also be participating in the GFOA financial CAFR reporting program. The City's CAFR, OCERS and the Department of Airports CAFR must be ready for submission to the GFOA certificate program by December 31.

## II. Objective

The City Charter requires that prior to the end of each fiscal year, the Council shall designate accountants to perform an independent audit of the City's books and records. Oklahoma Statutes provide that an audit must be ordered on or before July 30, and that an audit must be submitted to the State Auditor and Inspector on or before December 31. The Single Audit Act of the United States requires an annual audit of recipients of Federal funds. The City of Oklahoma City reporting entity is a recipient of significant Federal funds. In general obligation and revenue bond issuance continuing disclosure agreements, the City and its public trusts are committed to providing annual financial reporting in compliance with Generally Accepted Accounting Principles (GAAP) (SEC rule 15c2-12). The objective of the City is to comply with all statutory and regulatory requirements.

## III. Description and Scope of Services Required

### A. General

1. The services will be an examination of the government-wide and individual fund statements (major and non-major funds) of The City of Oklahoma City for fiscal year July 1, 2009 through June 30, 2010. The City Council cannot bind future governing bodies; however, at the discretion of the City Council, the firm may be retained for three to five years. Proposals must reflect costs for a one year contract only, and costs for each possible succeeding year for a total of five years.
2. The audit will satisfy Article II, Section 28 of the City Charter which states, "Prior to the end of each fiscal year the Council shall designate and employ...certified public accountants, who, as of the end of the fiscal year, shall make an independent audit of accounts and other evidences of financial transactions of the City Government...."
3. The funds and public trusts encompassed in the audit scope of services include all of those activities defined as a part of the entity of the City of Oklahoma City in accordance with the guidelines of the Governmental Accounting Standards Board (GASB). It is understood that changes in the entity, significantly increased or new grant programs, changing accounting standard guidelines or the City's interpretation of standards, and additions of non-discrete entities may be a cause for additional audit work and that substantial additional services may be a cause of additional audit fees. Increased fees or charges must be based on additional hours required, and charged at rates and under terms and conditions consistent with the Audit Firm's proposal. Contracts will be stated in terms of "not to exceed" amounts.
4. The Audit Firm shall conduct its audit in accordance with generally accepted

auditing standards (GAAS) as promulgated by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) as amended or supplemented.

The City will receive significant Federal financial assistance for the fiscal year ending June 30, 2010; therefore, the audit must be conducted in accordance with the Single Audit Act, Office of Management and Budget (OMB) applicable circulars or other publications, and "Government Auditing Standards," issued by the Comptroller General of the United States.

5. The financial reporting for the City of Oklahoma City will be in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB, insofar as they are compatible with Oklahoma laws.
6. The Audit Firm should be familiar with the State of Oklahoma Statutes dealing with financial matters of charter cities and public trusts and should be familiar with the financial related sections of the Charter and Code of the City of Oklahoma City. The firm will be asked to review the minutes of the City Council and its public trust boards for the fiscal year being audited.

The Audit Firm should review the official statements for bond issues and conduct additional bonds tests or other calculations required, as required by bond or trust indentures and issue letters when required.

7. The Audit Firm must be available between audits to discuss financial reporting issues and practices. Audit Firm staff will participate with the City's Controller in pre-audit planning. Additionally, "between audit" discussions may include minor tax or regulatory compliance issues. Historically, such advisory services have been required for personnel-payroll matters, employer tax reporting, and miscellaneous administrative issues. If such issues require written responses from the Audit Firm, fees and charges will be negotiated individually.

B. Funds to be audited:

All funds of the City are subject to audit. The City's CAFR includes all such funds and public trusts incorporated as component units of the City's reporting entity. A copy of the June 30, 2009 CAFR and separately issued public trust annual reports are included in the Information Packet to assist proposers in evaluating services to be provided. The City has both blended and discretely presented component units.

C. Public Trusts Included in Examination

Public trusts will be audited under separate contracts to be negotiated between the Audit Firm and the trust. The public trusts and private non-profits listed below are

audit entities. These public trusts are included in the scope of services described in this Request for Proposal. The audit contract for each of the public trusts will be approved by the trustees for the trust and the firm will be responsible to both the City Council and the public trusts' trustees in conducting the audit examination.

Oklahoma City Development Trust (OCDT)- financially inactive (include with the City)

Oklahoma City Airport Trust (OCAT)

Oklahoma City Public Property Authority (OCPPA)

Oklahoma City Water Utilities Trust (OCWUT)

Oklahoma City Municipal Facilities Authority (OCMFA)

Oklahoma City Environmental Assistance Trust (OCEAT)

Oklahoma City Riverfront Redevelopment Authority (OCRRA)

Oklahoma City Zoological Trust (OCZT)

Lake Atoka Reservation Association (LARA) - included in the OCWUT contract but report issued separately

Port Authority of Greater Oklahoma City (include with the City)

McGee Creek Authority (MCA)

Central Oklahoma Transportation and Parking Authority (COTPA)

Oklahoma City Metropolitan Area Public Schools Trust (OCMAPS)

Oklahoma City Economic Development Trust (OCEDT)

The Oklahoma City Employee Retirement System (OCERS) is reported as a pension trust fund within the City's primary government and issues a separate CAFR. The Oklahoma City Post-Employment Benefits Trust (OCPEBT) is reported as an other post-employment benefits trust fund within the City's primary government and issues a separate report. The Central Oklahoma Transportation and Parking Employee Retirement Trust (COTPA Retirement) is a discretely presented component unit of the City's reporting entity and does not issue a stand-alone report.

#### D. Proposal

Financial statement workpapers will be prepared by the City staff with the Audit Firm auditing those workpapers. City staff will prepare preliminary drafts and publish the CAFR. The Audit Firm will review the drafts, providing comments and assistance in finalizing the CAFR for publication.

City staff will prepare preliminary drafts and publish annual reports for public trusts or Departments issuing stand-alone reports, as follows:

- a. Oklahoma City Municipal Facilities Authority (OCMFA)
- b. Oklahoma City Public Property Authority (OCPPA)
- c. Oklahoma City Environmental Assistance Trust (OCEAT)
- d. Oklahoma City Water Utilities Trust (OCWUT)

- e. McGee Creek Authority (MCA)
- f. Oklahoma City Riverfront Redevelopment Authority (OCRRA)
- g. Public Transportation and Parking Department
- h. Oklahoma City Employee Retirement System (OCERS)
- i. Oklahoma City Post-Employment Benefits Trust (OCPEBT)
- j. Oklahoma City Metropolitan Area Public Schools Trust (OCMAPS)
- k. Oklahoma City Economic Development Trust (OCEDT)

City staff will prepare the Annual Survey of City & Town Finances (SA&I 2643) and provide it to the Audit Firm for review and certification.

Reports provided to proposers with this RFP were prepared and published as described.

#### General Information Applicable to Proposals:

Proposals should address the City CAFR, Single Audit, each public trust report, OCERS report, OCPEBT report, and the Annual Survey of City & Town Finances (SA&I 2643) separately under each option. The City reserves the flexibility to choose different options for any combination of reports.

Note: Accounting and financial reporting for the Oklahoma City Airport Trust (OCAT) and the Oklahoma City Zoological Trust (OCZT) are provided at those locations rather than centrally within the City's Accounting Services Division. However, proposals should also be provided for these reports.

The Department of Airports staff prepares and prints the Department of Airports report, which includes the OCAT. The Department of Airports fieldwork must be completed by October 15 with delivery of the independent auditor's report by October 30.

The OCZT report is prepared and published by the Audit Firm. The OCZT fieldwork must be completed by October 15 with delivery of the independent auditors report by October 31.

The Lake Atoka Reservation Association (LARA) report is essentially a cash-basis report prepared and published by the Audit Firm. Accounting and other financial records are maintained at LARA's offices.

#### E. Other Considerations

1. A separate management letter, prepared by the Firm, should include findings and recommendations relative to internal controls, fiscal affairs, and other significant observations of the Audit Firm during the course of the audit. All reports required by the Single Audit Act must be provided by November 30 following the fiscal year-end.

2. City staff will count physical inventories at locations where significant material and supplies are kept, and the Audit Firm will be notified of locations and responsible City staff for observation and verification purposes. This is not a requirement for a special examination or report.
3. A Single Audit of all Federal grants must be conducted in compliance with all applicable requirements of the Single Audit Act. This work is discussed in Section V.

At the option of the City, the Audit Firm will conduct an audit of the Federal Asset Forfeiture program administered by the Oklahoma City Police Department. Such audit shall comply with requirements set forth by the United States Department of Justice, and these requirements will determine the need for the audit, as follows:

"State and local law enforcement agencies that receive Federal shared cash, proceeds, or tangible property valued at over \$100,000 in a single year, or that maintain a Federal forfeiture fund account balance of over \$100,000, shall ensure that an independent financial audit is performed annually consistent with the audit requirements set forth. . ." A Guide To Equitable Sharing Of Federally Forfeited Property For State And Local Law Enforcement Agencies (March 1994).

At the conclusion of the audit, the Audit Firm will include, with the Single Audit reports, additional reporting of Federal Asset Forfeiture program audit results and findings and such other reporting as may be required by the United States Department of Justice. This fee should be proposed and billed separately from the City's Single Audit fee, even though the report is included with the Single Audit reports.

The Department of Airports receives Passenger Facility Charge (PFC) revenues and as such are required to provide an annual audit and report on the fairness and reasonableness of the Department's procedures for receiving, holding, using and reporting PFC revenues in accordance with 14 Code of Federal Regulations (CFR) Part 158. The provisions of 14 CFR Part 158 state that the audit can be performed separately for the PFC program or as part of an annual audit conducted under the Single Audit Act. The fee for the Audit Firm to comply with 14 CFR Part 158 should be included with the audit fee of the Oklahoma City Airport Trust (OCAT).

The Public Transportation and Parking Department receives significant transportation grants. At this time Certification of Section 9 Funding is not

required by the Federal Transit Administration (FTA) in relationship to National Transit Database reporting (NTD). In the event this becomes a requirement a separate audit fee would be negotiated. The Public Transportation and Parking Department requires an agreed-upon procedures report verifying vehicle revenue miles. The fee for the agreed-upon procedures report should be included in the bid, but shown separately, with the audit fee of the Central Oklahoma Transportation and Parking Authority (COTPA). This agreed upon procedures report must be completed by September 30 each year.

The Oklahoma City Water Utilities Trust may, at its option, conduct agreed-upon procedures on the financial activities of East Wharf Development, LLC, pursuant to the Lease Agreement, as amended, between the OCWUT and East Wharf Development, LLC. Fees and charges associated with such procedures must be based on hours required at hourly rates, under terms and conditions consistent with the Audit Firm's proposal. These fees will not be included in the audit fee for the OCWUT.

The Oklahoma City Water Utilities Trust from time to time issues additional debt in the form of revenue bonds. OCWUT's general bond indenture Article III, Section 3.02 (d) requires an Accountants Certificate reflecting sufficient debt service coverage and bond account balances for Additional Bonds (paragraphs 2-4). Fees or charges for this service shall be based on hours required, charged at the rates under terms and conditions consistent with the Audit Firm's proposal and not included as part of the base fee. These fees will not be included in the audit fee for the OCWUT.

4. The City or its public trusts may, at their option, separately contract for an audit of the City/public trust internal control structure as may be required by applicable regulatory agencies or management. Such audit will require a separate internal control report and may include controls over financial reporting, compliance with laws and regulations, or other financial or non-financial activities or programs.

Fees or charges associated with any such audit must be based on hours required, and charged at rates, and under terms and conditions consistent with the Audit Firm's proposal. No separate fee proposal for these services is required in the response to this Request for Proposal.

5. In the event the City or its public trusts issue debt, the Audit Firm will provide appropriate "comfort" letters and other required services charged at rates and actual hours expended, under terms and conditions consistent with the Audit Firm's proposal. If a separate fee proposal for these services is required, it must be included in the response to this Request for Proposal.

6. The City or its public trusts may request in writing that the Audit Firm provide such other accounting services for preparation of documents for court cases or other matters for which the City or public trusts determine such services should be provided by an independent accountant. The scope, duration, and compensation for such other accounting services shall be agreed to in writing between the City or public trust and the Audit Firm before such work shall commence or any cost shall be incurred. The Audit Firm's approach to providing such services must be addressed in the response to this Request for Proposal.

#### IV. Report Requirements and Responsibilities

##### A. City

1. Audit field work should be completed by November 15. The independent auditor's report should be delivered to the Controller for inclusion in the CAFR no later than November 30 each year.
2. The management letter shall be delivered to the Controller no later than November 30 each year.
3. The Audit Firm will provide a summary of audit work to the Controller no later than December 31 each year. The summary will compare budgeted to actual hours, and contract amount to amount actually billed (dollars) for each entity audited by the Audit Firm and included in the City's reporting entity.
4. Grant Thornton LLP performed the audit for the City and public trusts included in the Description and Scope of Services Required for fiscal year 2008-2009. Prior year working papers will be available to the Firm awarded the audit contracts for 2009-2010. There will be a fee, paid by the Firm, for reasonable personnel costs and out-of-pocket expenses associated with the working paper review. The Firm will be required to negotiate with Grant Thornton LLP concerning the review of working papers.
5. A packet of audit proposal information is available on request. Please call 297-2701 to request this packet of information. The information packet will also be available at the pre-proposal conference.

##### B. Public Trusts

1. The report completion schedule will consider dates the Trusts meet and provide timely reports for those Trusts prior to December 31.
2. All of the public trusts included in the Description and Scope of Services

Required (except OCAT, OCZT, and LARA) have their primary accounting functions performed in the City's Accounting Services Division. The Controller or designee will review and approve all public trust financial statements before their issuance. This does not prohibit the Firm's access to the trustees of the public trusts when necessary.

3. The Audit Firm will submit one copy of each report to the Office of the State of Oklahoma Auditor and Inspector on or before December 31 of each year accompanied by the appropriate fee paid by the Audit Firm. This date is a State of Oklahoma statutory requirement.
4. Also see Section III.D. of this Request for Proposal.

C. Single Audit

1. The City must conform to Single Audit requirements. A schedule of federal and state awards will be prepared by the accounting staff to be included with the Single Audit reports. The Audit Firm will be responsible for preparing, printing, and binding the Single Audit reports, including City management's responses to comments from the Audit Firm.
2. Additional information regarding the Single Audit is included in Section V of this Request for Proposal.
3. Also see Section III.E. of this Request for Proposal.

V. Single Audit for Federal Grants

- A. The City requires an organization-wide audit of all federal grants. This audit will include a financial audit and tests of compliance with provisions of federal laws and regulations for major and non-major federal financial assistance programs, and evaluation of internal control systems (accounting and administrative) used in administering federal financial assistance programs, as required under various federal provisions.
- B. The Single Audit should be conducted in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in the "Government Auditing Standards" issued by the Comptroller General of the United States, the Single Audit Act, and the provisions of applicable OMB circulars or other publications.
- C. The scope of the Single Audit work is to be determined through cooperation of the Audit Firm, representatives of applicable granting agencies, and Accounting Services Division staff.

- D. A separate Audit Plan Form and Fee Proposal Form should be completed for the Single Audit. The forms are discussed in Section VII. of this Request for Proposal.
- E. The federal funding agencies will make a quality assessment review of the work of the Audit Firm. Therefore, all working papers must be made available for their review.

VI. Management Advisory Services

The firm which receives the audit contract for the City may provide management advisory consulting services. Such services may be provided at the discretion of the City under separately negotiated terms, conditions, and fees.

VII. The Selection Process

- A. The proposals submitted by the firms will be evaluated in three stages.
  - 1. Stage 1 - The firm's proposal will be scored using the categories, Understanding the scope of services, Qualification of staff to be assigned to the audit engagement, Audit approach and plan, Commitment to government accounting and auditing, Single Audit experience, and Other available services.
  - 2. Stage 2 - The Selection Committee will evaluate proposals and recommend a selection to the Audit Committee. The Selection Committee consists of the City Manager, or his/her designee; the Municipal Counselor (advisory, not voting), or his/her designee; the Finance Director; the Controller; and the City Auditor.
  - 3. Stage 3 - The Audit Committee will make a recommendation to the City Council.
- B. Proposals should be structured in substantially the format and order listed below and clearly address the work described in Section III.D. of this Request for Proposal.
  - 1. Table of Contents - Include a clear identification of the material by section and by page number.
  - 2. Scope - Clearly define your understanding of the scope of the services required.
  - 3. Personnel - Identify the supervisors, including auditor in-charge or senior accountants, who will work on the audit. Identify staff from other than the local office as non-local and list their home office(s). Resumes for each supervisory person to be assigned to the audit should be included, and specific local government experience should be indicated. If an industry expert is to be assigned to the job, give an hours estimate for that person. The resumes may be included as an appendix. Include the name and phone number of the person

authorized to answer questions about the proposal. If the firm intends to obtain (hire, contract) additional staff for the City audit, clearly indicate that fact and the number of additional staff needed to perform the work.

4. Audit Approach - Clearly document your firm's approach to conducting the examinations. Document estimated man hours and your audit plan timeline by using the Audit Plan Form (Exhibit 1). An Audit Plan Form should be completed for each of the following:

- City of Oklahoma City
- Single Audit
- Oklahoma City Development Trust - financially inactive (OCDT)
- Oklahoma City Airport Trust (Department of Airports) (OCAT)
- Oklahoma City Public Property Authority (OCPPA)
- Oklahoma City Water Utilities Trust (OCWUT)
- Oklahoma City Municipal Facilities Authority (OCMFA)
- Oklahoma City Environmental Assistance Trust (OCEAT)
- Oklahoma City Riverfront Redevelopment Authority (OCRRA)
- Oklahoma City Zoological Trust (OCZT)
- Lake Atoka Reservation Association (LARA)
- McGee Creek Authority (MCA)
- Port Authority of Greater Oklahoma City
- Central Oklahoma Transportation and Parking Authority (COTPA)
- Oklahoma City Employee Retirement System (OCERS)
- Oklahoma City Post-Employment Benefits Trust (OCPEBT)
- Central Oklahoma Transportation and Parking Employee Retirement Trust (COTPA Retirement)
- Oklahoma City Metropolitan Area Public Schools Trust (OCMAPS)
- Oklahoma City Economic Development Trust (OCEDT)

A summary page should be included showing, in tabular form, total estimated hours for each job and the total hours and fees for all jobs.

5. Profile of the Firm
  - a. State whether your firm is local, national, or international.
  - b. Give the location of the office from which the work is to be done and the number of partners, managers, seniors, and other professional staff employed at that office. Describe the management capacity and experience of your firm and procedures for the management of the engagement.
  - c. Describe the range of activities performed by the local office in the

governmental area, specifically municipalities and public trusts.

- d. Describe the firm's participation in peer reviews. Include a copy of the firm's most recent quality control review report.
  - e. Provide financial statements or other evidence of the financial stability of your firm as a going concern.
6. Governmental Experience – For the office providing the services, describe the auditing experience for the last three (3) years similar to the type of audit requested including GFOA Certificate program participation, and give the names and telephone numbers of client officials responsible for those audits listed. In particular, include experience with cities or government units of comparable size and complexity to Oklahoma City.

Include a subsection discussing your office experience in conducting a Single Audit.

- 7. Additional Data - Give any additional information considered essential to this proposal, including involvement in state and local government organizations, seminars, etc. Publications of your firm, such as directories, articles and lists of clients, may be included but should not be voluminous.
- 8. In all cases where work experience is referenced, include dates during which work was performed, level of personnel involvement (manager, senior, staff, consultant, etc.) and type of work (audit, management advisory services, etc.).
- 9. The Auditing Firm may not represent any entities whose representation is in any way in conflict with the interests of the City of Oklahoma City or the public trusts of which the City is the beneficiary.

B. Fees

Proposals submitted in response to this Request for Proposal should include completed Fee Proposal Forms (see Exhibit 2) for each of the entities previously listed (Paragraph VII.B.4.), except as noted in this paragraph. A summary page should be included showing, in tabular form, total fees for all jobs. The Port Authority and OCDT are included with the City. Separate fee proposals are not required. Audit fees associated with the two retirement plans and the other post-employment benefits trust noted in section III.C. of the Request for Proposal must be displayed separately. Separate reports will not be required for the Port Authority, OCDT, and COTPA Retirement.

C. Insurance and Indemnification

The Audit Firm selected will be expected to comply with indemnity and insurance requirements as follows:

1. Indemnity - The Audit Firm agrees to release, defend, indemnify and save harmless the City and its trusts and authorities and their officers, agents and employees (i) from and against any and all loss of or damage to property, or injuries to or death of any person or persons, as well as (ii) from and against any and all claims, damages, suits, costs, expense, liability, actions or proceedings of any kind or nature whatsoever caused by the negligent acts or omissions of the Audit Firm, including, without limiting the generality of the foregoing, their officers, employees, representatives, suppliers, invitees, contractors or agents, in connection with the audit. Provided, however, the Audit Firm shall not be liable hereunder for any loss or expense occasioned by the negligent acts or omissions of the City and its trusts or its officers, agents and employees. Each party agrees to give the other parties prompt notice of any claim, suits, actions or proceedings.

The insurance requirements set forth in paragraph 2 shall not be deemed to limit or define the obligations of the Audit Firm set forth in this paragraph. Further, the termination, cancellation or expiration of the Audit Contract shall not affect the obligations and rights established which the parties expressly agree will survive.

In the event the City determines there is a conflict of interest between the Audit Firm and the City with respect to legal representation, as may be required, the Audit Firm will provide and pay for separate legal counsel to represent the interests of the City.

This indemnity provision will be included in all contracts between the Firm and the City and the Firm and the public trusts. No modifications or changes to this indemnity provision will be considered.

2. Insurance - The minimum insurance requirements set forth below shall not be deemed to limit or define the obligations of the Audit Firm hereunder from the provisions of paragraph 1. The term "City" in this section 2 will include public trusts as well as the City, where applicable. Prior to beginning work, the Audit Firm shall obtain and furnish to the City current copies of certificates of insurance and a copy of the professional liability insurance policy required in subparagraph (e.) following. The required insurance shall be maintained in full force and effect until completion and final acceptance by the City of the audit. The Audit Firm shall maintain insurance, written with an insurance company acceptable to the City, for the coverages and amounts of coverages not less than those set forth below. Except for professional liability insurance, no claims made policy shall be accepted. The insurance certificates shall provide that

there may be no termination, non-renewal or modification of such coverage without thirty (30) days prior written notice to the City/Trust, in conformance with the provisions of this Contract. The Audit Firm shall provide evidence of insurance on a form adopted and approved by the City/Trust. The amounts of such coverage shall be:

- (a.) Adequate workers' compensation coverage to comply with state laws and employer's liability coverage in the minimum amount of \$100,000.
- (b.) Commercial general liability coverage sufficient to meet the City's maximum liability under the Governmental Tort Claims Act (51 O.S. §151 et seq.) and any amendment or addition thereto. The current required minimum commercial general liability coverage is: \$175,000 per person for bodily injury or death, \$25,000 for property damage and \$1,000,000 for any number of claims arising out of a single accident or occurrence. All insurance provided hereunder shall name the City or its public trusts as an additional insured.
- (c.) Comprehensive automobile liability coverage sufficient to meet the City's maximum liability under the Governmental Tort Claims Act (51 O.S. § 151 et seq.) and any amendment or addition thereto. The current required minimum comprehensive automobile liability coverage is \$175,000 per person for bodily injury or death, \$25,000 for property damage and \$1,000,000 for any number of claims arising out of a single accident or occurrence. All insurance provided hereunder shall name the City or its public trusts as an additional insured.
- (d.) Valuable paper insurance in an amount not less than fifty percent (50%) of the Audit Firm's total fee, to assure the restoration in the event of their loss or destruction of any workpapers, documents, summaries, estimates, reports, specifications, data, calculations, computer files obtained or prepared as a part of the audit. The City is to be named as loss payee for its interest only.
- (e.) Professional liability project insurance evidencing the Audit Firm's coverage in an amount not less than \$175,000.

Applicable policies, unless specified otherwise, shall remain in full force and effect until the five year workpaper retention period has expired.

This insurance provision will be included in all contracts between the Firm and the City and the Firm and the public trusts. No modifications or changes to this insurance provision will be considered.

D. Other

1. A decision on the independent accounting firm who will be awarded the City's audit examinations should be made by May 15, 2010.
2. The audit working papers shall be retained by the firm for a period of at least five years and shall be made available to the successive Audit Firm at no additional cost to the City.
3. All statements made in the audit proposal may at the City's option be incorporated by reference in the audit contracts.
4. The City reserves the right to reject any and all proposals.

VIII. Instructions for Proposal Submittal

Twelve (12) copies of your proposal must be submitted to the City on or before Tuesday, February 23, 2010, at 4:00 p.m.

The original and eleven (11) copies should be submitted to:

City Clerk  
Municipal Building, 2nd Floor  
200 North Walker Avenue  
Oklahoma City, Oklahoma 73102

Mark the original for retention by the City Clerk. The selected Proposer will be required to execute the attached affidavits (see exhibits 4, 5, 6, and 11). These may also be included as an appendix to the proposal.

IX. Contracts

The example of the contract for the audit engagement is included in Exhibit 9. This contract is substantially in the form and contains the contract provisions the City will be using for the term of the audit engagement which may be 3 to 5 years as indicated. Changes, suggestions, or other contract issues should be included in the Audit Firm's proposal.

Audit Plan Form

ENTITY \_\_\_\_\_

	<u>Interim Field Work</u>	<u>Year End Field Work</u>
<u>Beginning Date</u>	_____	_____
<u>Ending Date</u>	_____	_____
<u>Number of staff assigned</u>	_____	_____

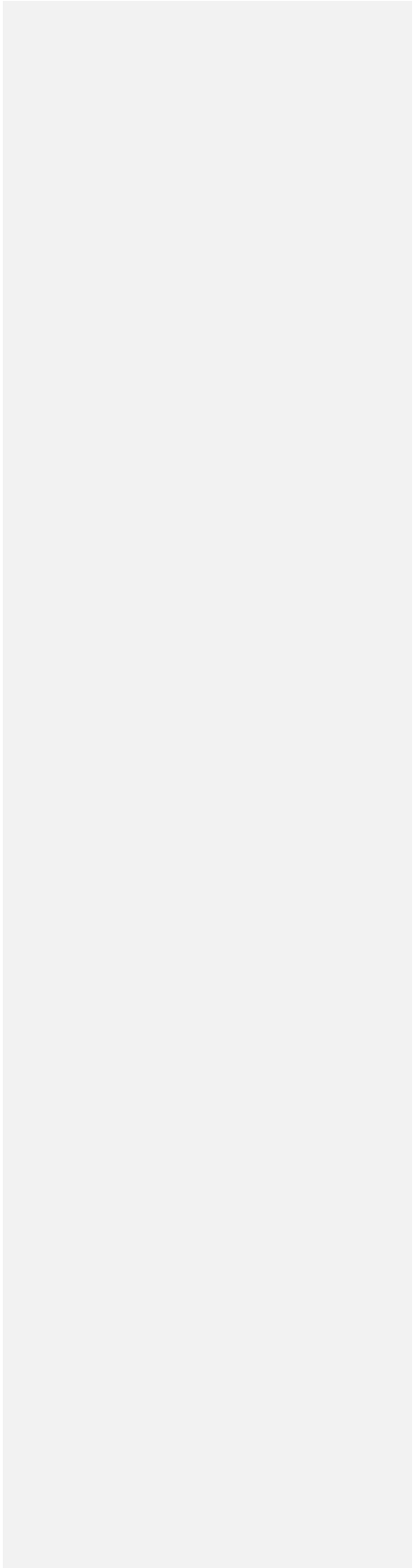
Date for delivery of final product is agreed with City staff.

Hourly Breakdown

<u>Classification</u>	<u>Estimated Hours</u>
Partner	_____
Manager	_____
Senior (in-charge)	_____
Staff	_____

Name of firm submitting \_\_\_\_\_

Date \_\_\_\_\_



Fee Proposal Form

ENTITY \_\_\_\_\_

Fee Schedule:

<u>Classification</u>	<u>Hourly Rate</u>
Partner	_____
Manager	_____
Senior (in charge)	_____
Staff	_____

Maximum percent of escalation in fees: \_\_\_\_\_

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Average Hourly Rate	_____	_____	_____	_____	_____
Total maximum dollar amount including out-of-pocket expenses	_____	_____	_____	_____	_____

Name of firm submitting \_\_\_\_\_

Date \_\_\_\_\_

(Published in the Journal Record \_\_\_\_\_, 20\_\_)

Exhibit 3

Comment [OKC1]: DO NOT USE THIS AS AN EXHIBIT - NEEDS TO BE BEHIND THE COUNCIL MEMO. CHANGE FOR NEXT AUDIT RFP.

**NOTICE TO PROPOSER**

Notice is hereby given that The City of Oklahoma City will receive sealed proposals at the **OFFICE OF THE CITY CLERK, 200 North Walker Avenue, 2nd Floor, Oklahoma City, Oklahoma 73102** until 4:00 P.M., on the 23rd day of February, 2010, for:

**AUDIT SERVICES**

Proposals shall be made in accordance with the Notice to Proposers, the General Instructions and Requirements for Proposers, and Request for Proposal which are on file in the Office of the City Clerk in the Municipal Building and are made a part of this notice as though fully set forth herein. A copy of these papers may be obtained free at the Accounting Services Division Office of the City of Oklahoma City.

Proposals filed with the City Clerk shall be opened at the time stated above or later in the Conference Room, located on the 2nd floor of the Municipal Building. All proposals shall remain on file at least 48 hours thereafter before a contract shall be made and entered into hereon.

The City of Oklahoma City reserves the right to waive formalities, irregularities and defects in any or all proposals, except as otherwise required by law. The City of Oklahoma City reserves the right to: reject any or all proposals; to reject a portion of any or all proposals; to negotiate and execute or to not negotiate or execute a pricing agreement/contract with any proposer; and to solicit new or different proposals. The City of Oklahoma City reserves the right to negotiate and/or contract with one or more proposers for all or a portion of any proposal or proposed services.

\_\_\_\_\_  
Frances Kersey, City Clerk

(SEAL)

Reviewed for form and legality this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
ASSISTANT MUNICIPAL COUNSELOR



PROPOSER → → → Return This Form  
Exhibit 4

# The City of OKLAHOMA CITY

## Authorization Agreement for Electronic Funds Payment

To assure prompt processing of your request, please complete the following information.

Please Print

SSN or Taxpayer ID No.: \_\_\_\_\_

Vendor Name: \_\_\_\_\_

Vendor Address: \_\_\_\_\_

City & State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ FAX Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

I hereby authorize The City of Oklahoma City and my financial institution to initiate deposit entries to my bank account. In the event of error, I authorize the institution to withdraw and return the same funds to The City of Oklahoma City.

Financial Institution: \_\_\_\_\_

Branch Location: \_\_\_\_\_

City & State: \_\_\_\_\_

Type of Account (Please Check One):      CHECKING       SAVINGS       OTHER

ABA Routing Transit Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

→                      You must attach a voided check with this completed form.

Signature ✕ \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

### ANTICOLLUSION AFFIDAVIT

THIS FORM MUST BE COMPLETED PRIOR TO PRICING AGREEMENT/CONTRACT AWARD.

The undersigned individual, of lawful age, being duly sworn, upon his/her oath, deposes and says: That the undersigned individual has the lawful authority to execute the within and foregoing proposal for, and on behalf of, the proposer; that the proposer has not, directly or indirectly, entered into any agreement, express or implied, with any proposer or proposers, having for its object the controlling of the price or amount of such proposal or proposals, the limiting of the proposals or the proposers, the parceling or farming out to any proposer or proposers or other persons, of any part of the pricing agreement/contract or any part of the subject matter of the proposal or proposals, or of the profits thereof, and that proposer has not and will not divulge the sealed proposal to any person whomsoever, except those having a partnership or other financial interest with the proposer in the said proposal or proposals, until after the said sealed proposal or proposals are opened.

The undersigned individual further states that the proposer has not been a party to any collusion: among proposers in restraint of freedom of competition, by any agreement to propose at a fixed price or to refrain from proposing; or with any city/trust official, city/trust employee or city/trust agent as to the quantity, quality, or price in the prospective pricing agreement/contract, or any other terms of the said prospective pricing agreement/contract; or in any discussions between the proposers or city/trust official, city/trust employee or city/trust agent concerning the exchange of money or other thing of value for special consideration in the letting of a pricing agreement/contract. The proposer states that it has not paid, given or donated or agreed to pay, give or donate to any city/trust official, officer or employee of the City or awarding agency, any money or other thing of value, either directly or indirectly, in the procuring of the award of pricing agreement/contract pursuant to this proposal.

Witness the hands of the parties hereto:

**The undersigned individual states that the Proposer will be bound by its proposal, the request for proposals, the terms and conditions of the pricing agreement/contract, and the requirements for proposers.**

→ → → THIS FORM TO BE COMPLETED BY THE PROPOSER PRIOR TO PRICING AGREEMENT/CONTRACT AWARD ←

Sign Here ✕

Signature of Individual

Title

**Note:** If individual signing is not the owner or an officer of the business or corporation a letter of authorization is to be included. For instance, if a Salesman or Manager signs this form, a letter of authorization is to be attached. Corporate Seal will be accepted in lieu of an authorization letter if affixed to this document.

Printed Name of Individual

Company Name and Address [Please Print]

Zip Code

Telephone Number and Fax Number if any

#### TO BE COMPLETED BY THE NOTARY:

State of \* \_\_\_\_\_

County of \* \_\_\_\_\_ )

[\*State and County where notarized must be written in for bid to be considered.] )

SS.

Signed and sworn to before me on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_.

[Day]

[Month]

[Year]

[Print the name of the individual who signed above.]

My Commission Number: \_\_\_\_\_

[Oklahoma]

Notary Public Printed Name

My Commission Expires: \_\_\_\_\_

[Date/Year]

Notary Public Signature

[49 Okla. Stat. 1985 §119]



The City of OKLAHOMA CITY

VENDOR REGISTRATION / W-9 FORM
\*\*\*\*\* SUBSTITUTE W-9 \*\*\*\*\*

PROPOSER ->->-> Return This Form Exhibit 6

Federal Taxpayer Identification Number (FIN): OR Social Security Number: (IF INDIVIDUAL OR SOLE PROPRIETORSHIP)

PRINT HERE: \_\_\_\_\_ NAME OF BUSINESS OR OWNER, IF SOLE PROPRIETOR/INDIVIDUALLY OWNED

CERTIFICATION: Under penalties of perjury, I certify that: (1) The number shown on this form is my correct taxpayer identification number... (2) I am not subject to backup withholding because... (3) I am a U.S. person...

SIGN HERE \_\_\_\_\_ DATE: \_\_\_\_\_

VENDOR REGISTRATION FORM
INSTRUCTIONS: Please mark all that apply to you or your company.

Form with checkboxes for Sole Proprietor/Individual Owned, Partnership, Limited Liability Company (LLC), Lawyer/Attorney, Medical Provider, Corporation, Non-Profit, Government, New Vendor, One-Time Vendor, Address Change, Federal Tax ID No Change.

SALES ADDRESS: Individual Name if Sole Proprietorship, Company Name, Contact Person, Street or PO Box, E-Mail Address, City, State, Zip, Telephone Number, Fax Number.

BID/PROPOSAL ADDRESS (if different): Individual Name if Sole Proprietorship, Company Name, Contact Person, Street or PO Box, E-Mail Address, City, State, Zip, Telephone Number, Fax Number.

PAYMENT ADDRESS: Individual Name if Sole Proprietorship, Company Name, Contact Person, Street or PO Box, E-Mail Address, City, State, Zip, Telephone Number, Fax Number.

Do you have an electronic catalog? If so, please provide the link to your web site: \_\_\_\_\_

Do you wish to receive payments by electronic funds transfer? Attach an EFT/ACH form (available at www.okc.gov).

I certify that the information supplied herein is correct and that neither the applicant nor any person (or concern) in any connection with the applicant as a principal or officer is now debarred or otherwise declared ineligible by a public agency for bidding/proposing or furnishing materials, supplies or services, to any other public agency thereof. NOTE: Section 11 of the City Charter prohibits employees of the City from having direct or indirect interest in City Pricing Agreements/Contracts.

Procurement Services (405) 297-2741 Fax (405) 297-2142 100 N. Walker, Suite #100 Oklahoma City, OK 73102

Signature of Person Authorized to Sign Date Signed
\_\_\_\_\_  
Print Name Title

## GENERAL INSTRUCTIONS AND REQUIREMENTS FOR PROPOSERS

THESE INSTRUCTIONS, REQUIREMENTS AND ANY SPECIAL INSTRUCTIONS CONTAINED IN THE REQUEST FOR PROPOSALS ARE A PART OF THE TERMS AND CONDITIONS OF THE PROPOSERS PROPOSAL. ANY EXCEPTIONS TO THESE INSTRUCTIONS/REQUIREMENTS OR REQUEST FOR PROPOSALS MUST BE SPECIFIED AND SUBMITTED WITH THE PROPOSER'S PROPOSAL. FAILURE TO INDICATE ANY EXCEPTIONS WILL BE REGARDED AS FULL ACCEPTANCE OF THESE REQUIREMENTS AND INSTRUCTIONS.

1. **EXAMINATION BY PROPOSERS.** All proposers must examine the request for proposals, drawings, schedules, special instructions and these general requirements prior to submitting any proposal. Failure to examine is at the proposer's own risk.
2. **SUBMISSION OF FORMS.** All proposals must be submitted and completed in ink or typewritten, on the forms provided by the contracting entity. Any erasures or other changes must be initialed by the individual signing the proposal. The non-discrimination certificate must be completed prior to pricing agreement/contract award. The anti-collusion affidavit must be executed by the proposer or an authorized representative and notarized prior to pricing agreement/contract award. The notarization must contain: [1] the notary's signature [2] jurisdiction where notarization took place (i.e., State of \_\_, County of \_\_), [3] date of notarization, [4] the notary's commission expiration date [5] the notary's commission number (Oklahoma) [6] the notarial seal and [7] comply with all other applicable laws.
3. **ORIGINAL PROPOSAL FILED WITH CITY CLERK/SECRETARY.** a. Hard Copy Proposals: An original of the bid/proposal must be filed with the City Clerk/Secretary in a sealed envelope which clearly identifies: [1] the proposal number, [2] description, [3] proposal opening date, and [4] the proposer's name and address. All proposals must be time stamped by the City Clerk's/Secretary's office before the hour specified on the opening data. b. Electronic Proposals: Proposals must be submitted through the City's web site. The web site only permits proposals from registered proposers up to the proposal deadline.
4. **DESCRIPTIVE TERMS.** Unless the term "no substitute" is used, the use of brand name, manufacturer, make, or catalogue designation in describing an item does not restrict proposers to that particular brand name, etc. The term is simply to indicate the type, character, quality and/or performance equivalence of the item desired. However, the proposed substitution item must be of such character, quality and/or performance equivalence as that indicated in the request for proposals. A proposed substituted item must include complete data as to the manufacturer's name, type, model number, any descriptive bulletins and specifications.
5. **EXCEPTIONS.** Any exceptions [variances] to these instructions or request for proposals must be submitted in writing with the proposer's proposal. Failure to indicate any exceptions [variance] will be regarded as full compliance with these requirements, request for proposals and instructions and will be construed to mean that the proposer proposes to furnish the exact commodity as described in the request for proposals/requirements.
6. **UNIT PRICES.** A unit price for each unit proposed must be shown and include packaging and/or packing, if any, unless otherwise specified. If the quantity is an estimate, the unit price only shall be listed. On items where a quantity is specified, a total shall be entered in the appropriate column of the proposal schedule. If an error is made in extension of the price, the unit price shall prevail. Items or estimated quantity will be awarded on a "no guarantee" basis. Prices shall be extended in decimals, not fractions, and shall include transportation and delivery charges, prepaid by the proposer to the destination specified in the special instructions of the request for proposals.
7. **EXEMPTIONS FROM CERTAIN TAXES.** The purchase of certain items of equipment and/or materials by the contracting entity is exempt from the payment of excise, transportation and sales tax imposed by the federal, state and/or city governments. Such taxes must not be included in the proposal prices. Upon request, applicable federal excise exemption certificates will be furnished.
8. **PAYMENTS AND DISCOUNTS.**
  - [a] Payment for the materials, supplies, or equipment as specified in the pricing agreement/contract shall be processed promptly after completion of delivery of items and after receipt of properly prepared invoice(s) and/or notarized claim voucher, if applicable. Purchases may be made using a purchasing card however, processing fees may not be added.
  - [b] Discounts for prompt payment will not be considered in proposal evaluations, unless otherwise specified. However, offered discounts will be taken if payment is made within the discount period.

[c] Late charges cannot be assessed against the City or a Trust.

9. DELIVERY.

[a] All prices quoted shall be based on delivery F.O.B. Oklahoma City, Oklahoma or to any points located within the municipal corporate limits (unless otherwise stated in the special instructions) with all charges prepaid to the actual point of delivery.

[b] Proposals must show the number of days required for delivery under normal conditions. Unrealistically short or long delivery promises may cause bids/proposals to be rejected. A successful proposer is required to keep the purchasing agent advised at all times of the status of the order. All materials, supplies or equipment shall be delivered within thirty (30) days from the date of the award of the pricing agreement/contract, unless specified otherwise.

10. AWARD OF PRICING AGREEMENTS/CONTRACTS. The contracting entity reserves the rights to: award by item, groups of items or all items of the proposal; to reject any or all proposals in whole or in part; and, waive technical defects, irregularities and/or omissions.

11. PROPOSAL BONDS. If required by the request for proposals, a proposal bond [or a certified check or cashier's check] in the required amount must accompany the proposal. This bond may be retained by the contracting entity as liquidated damages should the successful proposer fail to comply with the terms of this bid/proposal. The City Clerk's/Secretary's office may return all bonds or deposits to unsuccessful proposers after the pricing agreement/contract has been awarded.

12. PERFORMANCE BONDS. If required by the request for proposals, the successful proposer must post the performance bond, a certified or cashier's check in the amount required prior to award of pricing agreement/contract. The proposal bond or deposit may be returned to the successful proposer upon the posting of the performance bond.

13. PATENTS. The proposer agrees to indemnify and save harmless the contracting entity, the purchasing agent and assistants from all suits and actions of every nature and description brought against the proposer and/or any assistants because or for the use of patented appliances, products or processes. The proposer shall pay all royalties and charges which are legal and equitable evidence of such payment or satisfaction shall be submitted upon request of the City/Trust, as a necessary requirement in connection with the final execution of any pricing agreement/contract in which patented appliances, products or processes are to be used.

14. TERMINATION.

[a] The performance of services and/or the delivery of items under any pricing agreement/contract may be terminated by the contracting entity, in whole or in part, whenever it is determined to be in the best interest of the contracting entity.

[b] Any such termination will be effected by delivery to the proposer of a termination notice specifying the extent to which performance or services and/or delivery of ordered commodities is terminated, and the date the termination becomes effective.

[c] After receipt of a termination notice, the proposer shall stop performance of services and/or accept no further orders under the pricing agreement/contract.

15. COMPLIANCE WITH APPLICABLE LAW. All proposers must comply with all applicable federal, state or local laws and regulations. Including Title VI and all provisions of the Civil Rights Act of 1964 42, U.S.C. 2000d-et seq.

16. SELF-INSURED. The City or Trust is self-insured for its own negligence, subject to the Governmental Tort Claims Act, Title 51 sections 151 et.seq.

17. RIGHT TO AUDIT. The contracting entity shall at all times have the right to examine books, papers and records of the successful proposer relative to all aspects of the pricing agreements/contracts awarded as a result of this request for proposal to confirm pricing agreement/contract compliance. Failure to provide the requested information may result in termination of the pricing agreement/contract. This right to audit only affects pricing agreement/contract compliance as a result of this request for proposal, and does not apply to vendor records beyond the scope of the pricing agreement/contract.

Exhibit 8

ESTIMATED TIME TABLE FOR REQUEST FOR PROPOSALS (1)  
ON AUDIT OF CITY OF OKLAHOMA CITY

	<u>DATE DUE</u>	<u>TASK</u>
1.	1-12-10	City Council to approve the RFP
2.	1-12-10	RFP sent to prospective proposers and distribution of information packet for prospective proposers
3.	1-27-10	Pre-proposal conference at 9:00 a.m., Wednesday, 1st Floor, 100 N. Walker Building
4.	1-27-10 2-10-10	Period for prospective firms to visit with the Finance Department personnel
5.	2-23-10	Submission of proposals
6.	3-5-10	Evaluation of proposals by staff (completed)
7.	3-12-10	Evaluation of proposals by Selection Committee
8.	3-15-10	Recommendation to Audit Committee
9.	4-6-10	To Council for award of contract

(1) Firms will be notified of changes in the time table, if necessary.

**AUDIT CONTRACT**

THIS AUDIT CONTRACT is made and entered into as of the date hereinafter set forth by and between THE CITY OF OKLAHOMA CITY, an Oklahoma municipal corporation (City), and \_\_\_\_\_  
\_\_\_\_\_ (Audit Firm).

**WITNESSETH:**

**WHEREAS**, the City, pursuant to the provisions of the Charter of The City of Oklahoma City, the laws of the State of Oklahoma, and the Single Audit Act of the United States, requires an annual audit of its books and accounts for fiscal year \_\_\_\_\_ (Audit); and

**WHEREAS**, the scope of said Audit includes all accounts and all funds as described more fully elsewhere herein, and other evidences of financial transactions of the City for said fiscal year; and

**WHEREAS**, Audit Firm has no interest, direct or indirect, in the fiscal affairs of said City.

**NOW THEREFORE**, in consideration of the covenants herein contained, it is mutually agreed by the parties hereto as follows:

1) **Engagement**

The City hereby appoints and engages Audit Firm to perform the annual audit for fiscal year \_\_\_\_\_ (July 1, \_\_\_\_\_, through June 30, \_\_\_\_\_) of the funds, assets, books, records, accounts, financial statements and other evidences of financial transactions of The City of Oklahoma City as required by Article II, Section 28, of the Oklahoma City Charter; Title 11 Oklahoma Statutes, Section 17-105 et seq.; and Title 31 United States Code, Sections 7501 et seq., and Audit Firm hereby agrees to perform said Audit hereunder, as defined in the City's Request for Proposal dated \_\_\_\_\_.

2) **Scope of Audit**

- A. All City funds are subject to audit. The audit services will include an examination of the government-wide and individual fund statements (major and non-major funds) of the City.
- B. The Audit shall consist of an examination of receipts and disbursements on a selected test basis consistent with generally accepted auditing standards (GAAS) and Government Auditing Standards to ascertain that income and receipts are accounted for, and to ascertain that expenditures and disbursements are fairly presented in the City's financial statements.
- C. Audit Firm shall confirm the cash balance on hand by independent information secured from the banks and from the actual cash on hand to the extent deemed necessary by Audit Firm in accordance with GAAS.
- D. Audit Firm shall confirm securities held as an investment by independent information

secured from the banks and from actual investments on hand to the extent deemed necessary by Audit Firm in accordance with GAAS.

- E. In accordance with GAAS, Audit Firm shall determine that financial transactions of the City were conducted within the statutory and City Charter provisions and, as appropriate, will examine ordinances, resolutions, orders, and minutes pertaining to financial operations which have been passed by the City Council.
- F. Audit Firm shall, insofar as is practicable, conduct the Audit in accordance with GAAS as promulgated by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA), "Government Auditing Standards" issued by the Comptroller General of the United States and Office of Management and Budget Circular A133. The accountant's opinion shall be on the government-wide and individual fund statements (major and non-major funds) of the City and shall state the auditor's opinion as to the fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). GAAP shall be defined to include Governmental Accounting Standards Board (GASB) Statements, Interpretations, and applicable Statements and interpretations of the Financial Accounting Standards Board.
- G. Audit Firm shall assess the adequacy of internal controls before relying on substantive tests. If it is found that the system of internal control is not adequate or is not functioning properly, more extensive examination should be done and, if considered necessary, recommendations will be made of action necessary to correct the deficiency. Such recommendations, if any, will be in the form of a management letter delivered to the Controller no later than November 30, as a separate document from the accountant's opinion.
- H. Audit Firm will be responsible for issuing a compilation report on the Annual Survey of City and Town Finances Report to the State Auditor, Form #SA&I, 2643, prepared by the City's accounting staff. Audit Firm's compilation report must be completed and evidenced such that submission of the report meets statutory requirements to the satisfaction of the State Auditor and Inspector. Audit Firm shall respond to all questions and concerns raised by the State Auditor and Inspector concerning the Report. Submission must be by December 31.
- I. Audit Firm must be available between audits to discuss financial reporting issues and practices. Audit Firm will participate with the City's Controller in pre-audit planning. Additionally, "between audit" discussions may include minor tax or regulatory compliance issues. If such issues require written responses from Audit Firm, fees and charges will be negotiated.
- J. At the option of the City, Audit Firm will conduct an audit of the Asset Forfeiture program administered by the Oklahoma City Police Department. Such audit shall comply with requirements set forth by the United States Department of Justice, and these requirements will determine the need for the audit, as follows:

{S}tate and local law enforcement agencies that receive federal shared cash,

proceeds, or tangible property valued at over \$100,000 in a single year, or that maintain a federal forfeiture fund account balance of over \$100,000, shall ensure that an independent financial audit is performed annually consistent with the audit requirements set forth..." *A Guide To Equitable Sharing Of Federally Forfeited Property For State And Local Law Enforcement Agencies.*

At the conclusion of the Audit, Audit Firm will include with the Single Audit Reports, additional reporting of Asset Forfeiture results and findings and such other reporting as may be required by the United States Department of Justice. The fee set forth in paragraph 5 of this Contract will apply only if the City determines that an audit is required. The City will notify Audit Firm of such requirement.

3) **Audit Schedule**

The Audit shall commence as soon as practical after this audit contract is approved, with field work completed by November 15. Initiation of an auditing test after November 15 requires a written explanation of the need for the test and the potential impact on timeliness of the opinion and the reason why the test was not initiated timely. After review by a member of Audit Firm specializing in governmental financial reporting, a copy of the audit report (accountant's opinion) suitable for printing shall be made available to the City's Controller as soon as possible and no later than November 30.

4) **CAFR, Printing and Filing**

The Comprehensive Annual Financial Report (CAFR) will be prepared and printed by the City. The City will submit appropriate copies to the County Clerk and the Office of the State of Oklahoma Auditor and Inspector.

5) **Compensation**

A. Audit Firm shall be compensated in an amount not to exceed \$ \_\_\_\_\_ for services related to the requirements of the Charter and state law, and in an amount not to exceed \$ \_\_\_\_\_ for services related to compliance with the federal Single Audit Act, for a total of \$ \_\_\_\_\_, which includes all expenses. Periodic billings, supported by detail, showing party providing the services, date services were performed, description of services, and hours worked times applicable rates, not to exceed \$ \_\_\_\_\_ will be submitted as the Audit progresses with final payment after the CAFR and all Single Audit Reports have been presented to the Controller, Finance Director, and City Council.

B. Audit Firm shall be compensated in an amount not to exceed \$ \_\_\_\_\_ for services related to the Asset Forfeiture Program, if such services are deemed required by the City. Associated billings will include party providing services, date services were provided, description of services, and hours worked times applicable rates. These billings must be invoiced separately.

At conclusion of the Single Audit Report, and no later than December 31, \_\_\_\_\_, Audit Firm will provide the City's Controller with detail of Audit services provided to specific grant programs, showing party providing services, date services were provided, description of services, and billed hours and rates for Audit services by grant, reconciled to actual invoices.

6) **Special or Additional Services**

In the event Audit Firm identifies the need for special or additional services, such recommendation shall be made to the City Manager and the City Council prior to completion of the Audit. The City Manager and the City Council shall determine if such services are essential.

Audit Firm will be available to provide services, related to the Audit Report, required for any debt issuances at rates, under terms and conditions, consistent with Audit Firm's proposal, incorporated herein by reference, and this contract. Other special or additional audit services contemplated in the City's Request for Proposals dated \_\_\_\_\_, will require a separate contract also consistent with rates, under terms and conditions, as specified in Audit Firm's proposal.

Under no circumstances will Audit Firm be considered qualified to provide special or additional audit services regarding review of contracts or proposed agreements between the City and any private entity for which Audit Firm also performs audit or consulting services.

7) **Excluded from Scope**

- A. The funds of public trusts or authorities of which the City is beneficiary are not included in this Audit Contract, but may be audited under separate contracts entered upon the mutual agreement of such trust or authority and Audit Firm. Audit Firm hereby agrees to offer such trust, authority, or other affiliated entity the hourly rate for audit services set out in Audit Firm's Proposal for Professional Services, dated \_\_\_\_\_. Such trusts and authorities include, but are not limited to, those set out at Section \_\_\_\_\_ of the Request for Proposals dated \_\_\_\_\_.
- B. The Audit described in paragraph 2 of this Contract shall not include or contemplate the preparation of supplemental appropriations, budgets, bond issue prospectus, or other services pertaining to the operation of the City beyond the scope of the Audit specified in Paragraph 2, above.

8) **Non-Discrimination**

Audit Firm agrees, in connection with the performance of work under this Audit Contract, as follows:

- A. Audit Firm will not discriminate against any employee or applicant for employment because of race, creed, color, sex, age, national origin or ancestry, or disability as defined by the Americans with Disabilities Act of 1990, Section 3(2). Audit Firm shall take affirmative action to insure that employees are treated without regard to their race, creed, religion, color, sex, age, national origin or ancestry, or disability as defined by the Americans with Disabilities Act of 1990, Section 3(2). Such actions shall include, but not be limited to the following: employment, upgrading, demotion, transfers, recruiting or recruitment, advertising, lay-off, termination, rates of pay, or apprenticeship. Audit Firm agrees to post in a conspicuous place, available to employees and applicants for employment, notices to be provided by the City Clerk of the City setting forth provisions of this section.
- B. Audit Firm agrees to include this non-discrimination clause in any subcontracts connected with the performance of this Audit Contract.
- C. In the event of Audit Firm's non-compliance with the above nondiscrimination clause, this Audit Contract may be canceled or terminated by the City. Audit Firm may be declared by the City ineligible for further contracts with the said City until satisfactory proof of intent to

comply shall be made by the Audit Firm.

9) **Insurance and Indemnification**

Audit Firm will comply with the indemnity and insurance requirements as follows:

- A. Audit Firm agrees to defend, indemnify, and save harmless the City and its officers, agents, and employees from and against any and all loss of or damage to tangible property, or bodily injuries to or death of any person or persons, to the extent caused by the negligent acts or omissions of Audit Firm, including, without limiting the generality of the foregoing, its partners, employees, representatives, contractors or agents, in connection with the audit. Provided, however, Audit Firm shall not be liable thereunder for any loss or expense occasioned by the negligent acts or omissions of the City or its officers, agents, and employees. Each party agrees to give the other parties prompt notice of any claim, suits, actions, or proceedings. The insurance requirements set forth in paragraph B shall not be deemed to limit or define the obligations of Audit Firm set forth in this paragraph. Further, the termination, cancellation, or expiration of this Audit Contract shall not affect the obligations and rights established which the parties expressly agree will survive compensation, cancellation, termination, and expiration.

In the event the City reasonably determines there is a conflict of interest between Audit Firm and the City with respect to legal representation, as may be required, Audit Firm will provide and pay for separate legal counsel to represent the interest of the City.

- B. The minimum insurance requirements set forth below shall not be deemed to limit or define the obligations of Audit Firm hereunder from the provisions of paragraph A. Prior to beginning work, Audit Firm shall obtain and furnish to the City current copies of certificates of insurance and a copy of the verification of insurance from Audit Firm's broker of the policy required in subparagraphs (1) through (5) following. The required insurance shall be maintained in full force and effect until completion and final acceptance by the City of the Audit. Audit Firm shall maintain insurance for the coverages and amounts of coverages not less than those set forth below. Except for professional liability insurance, no claims-made policy shall be accepted. The insurance certificates shall provide that there may be no termination of such coverage without thirty (30) days prior written notice to the City, in conformance with the provisions of this Audit Contract.

The amounts of such coverage shall be:

- (1) Adequate workers' compensation coverage to comply with State laws and employer's liability coverage.
- (2) Commercial general liability coverage sufficient to meet the City's maximum liability under the Governmental Tort Claims Act (51 O.S. §§ 151 *et seq.*) and any amendment or addition thereto. The current required minimum commercial general liability coverage is: \$175,000 per person for bodily injury or death, \$25,000 for property damage, and \$1,000,000 for any number of claims arising out of a single accident or occurrence. All insurance provided hereunder shall name the City as an additional insured.
- (3) Comprehensive automobile liability coverage sufficient to meet the City's maximum liability under the Governmental Tort Claims Act (51 O.S. §§ 151 *et seq.*) and any

amendment or addition thereto. The current required minimum comprehensive automobile liability coverage is: \$175,000 per person for bodily injury or death, \$25,000 for property damage, and \$1,000,000 for any number of claims arising out of a single accident or occurrence. All insurance provided hereunder shall name the City as an additional insured.

- (4) Valuable paper insurance in an amount not less than fifty percent (50%) of Audit Firm's total fee, to assure the restoration in the event of their loss or destruction of any workpapers, documents, summaries, estimates, reports, specifications, data, calculations, computer files obtained or prepared as a part of the audit.
- (5) Professional liability project insurance evidencing Audit Firm's coverage in an amount not less than \$175,000.

The requirements of the insurance provisions listed above shall survive the completion, expiration, cancellation, or termination of the Audit. Applicable policies, unless specified otherwise, shall remain in full force and effect until the five-year workpaper retention period has expired.

- C. Because of the importance of oral and written management representations to an effective audit, the City releases Audit Firm and its personnel for any and all claims, liabilities, costs and expenses attributable to any knowing misrepresentation by any City employee, less and except any knowing misrepresentation that the Audit Firm or its personnel should have reason to know is inaccurate or false.

10) **Venue and Applicable Law**

The City and Audit Firm hereby agree that any dispute which may arise between or among them arising out of or in connection with this Audit Contract shall be adjudicated before a court located in Oklahoma City, Oklahoma. The City and the Audit Firm hereby submit to the exclusive personal jurisdiction of the courts of the State of Oklahoma located in Oklahoma City, Oklahoma, with respect to any action or legal proceeding commenced by any party to the Audit Contract. The City and Audit Firm consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth in paragraph 11. This Audit Contract shall be construed and enforced in accordance with the laws of the State of Oklahoma. In the event of ambiguity in any of the terms of this Audit Contract, it shall not be construed for or against any party on the basis that such party did or did not author the same.

11) **Notices**

Notices to the parties hereto shall be in writing, personally served, faxed with receipt confirmation or sent by first-class US mail with return receipt to:

City: Finance Director  
The City of Oklahoma City  
100 North Walker, 4<sup>th</sup> Floor  
Oklahoma City, Oklahoma 73102  
Fax #: \_\_\_\_\_

Audit Firm: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

or to such other official address as the parties hereto may from time to time specify in writing.

12) **Complete Agreement**

This Audit Contract expresses the entire understanding and complete agreement between the City and Audit Firm concerning the subject matter hereof. Neither the City nor Audit Firm has made or shall be bound by any agreement, statement or any representation to the other concerning the subject matter hereof which is not set forth in this Audit Contract.

13) **No Waiver or Modification**

No waiver or modification of this audit contract or any covenant, condition, or limitation herein contained shall be valid unless by written amendment duly executed by the parties hereto. No evidence of waiver or modification shall be received in evidence of any proceedings or litigation between the parties hereto arising out of or affecting this Audit Contract, or the rights or obligations of the parties hereunder, unless such waiver or modification is in writing, duly executed as aforesaid. The parties further agree that the provisions of this paragraph may not be waived except as herein set forth.

14) **Cancellation**

The City may cancel this audit contract upon five (5) days written notice to Audit Firm. Such notice shall be deemed to effective when received. Upon cancellation hereof, the City will pay Audit Firm all fees earned up to date of cancellation and Audit Firm will turn over to the City copies of all City documents and copies of working papers in its possession.

15) **Assignment**

Neither this Audit Contract nor any claims, rights or obligations relating to it may be assigned, sublet, or transferred by a party hereto unless approved in writing by the other party.

16) **Audit Working Papers**

Audit working papers, consistent with auditors and professional standards, are the property of Audit Firm, but shall promptly be made available to the City and shall be made available for copying or review by City. The City agrees to reimburse Audit Firm for fees and expenses it incurs if Audit Firm is requested by the City or subpoenaed by the City to produce its working papers or personnel to testify in any matter where Audit Firm is not also a party. The Audit Firm shall retain working papers resulting from this Audit Contract for not less than five (5) years.

17) **Independent Contractor Status**

The parties hereby acknowledge and covenant that Audit Firm is an independent contractor and will act exclusively as an independent contractor and not as an employee of the City in performing the

duties hereunder. The parties do not intend and will not hold out that there exists, any corporation, joint venture, undertaking for a profit or other form of business venture or any employment relationship among the parties other than that of an independent contractor relationship. The City will not withhold any social security tax, medicare tax, federal unemployment tax, federal income tax, or state income tax from any compensation paid to Audit Firm. All such taxes, if due, are the responsibilities of Audit Firm and will not be charged to the City. Audit Firm agrees not to make any claims to any welfare or retirement benefits available to qualified employees of the City, for work done in relation to this Audit Contract. Audit Firm acknowledges that as an independent contractor it is not eligible to participate in any welfare or retirement benefit programs provided by the City for its City employees for any services Audit Firm provides the City pursuant to this Audit Contract.

18) **Confidentiality**

Audit Firm acknowledges that in the course of providing services, Audit Firm may become privy to valuable information of a confidential and proprietary nature relating to the City's activities. All information Audit Firm becomes privy to as a result of this Audit Contract should be treated confidential and should not be divulged by Audit Firm to any other person or entity without the express written consent of the City.

19) **Validity**

The invalidity or unenforceability of any provision of this Audit Contract shall not affect the validity or enforceability of any other provisions of this Audit Contract, which shall remain in full force and effect.

20) **No Waiver**

The failure or neglect of the City to insist, in any one or more instances, upon the strict performance of any of the terms or conditions of this Audit Contract, shall not be construed as a waiver of such term or condition nor the relinquishment in the future of such term or condition, but such term or condition shall continue in full force and effect.

21) **Order of Precedence**

The order of precedence shall be as follows:

- (a) Audit Contract
- (b) RFP
- (c) Response

**IN WITNESS WHEREOF**, this Audit Contract is executed by the Parties, in triplicate, at  
Oklahoma City, Oklahoma, this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

THE CITY OF OKLAHOMA CITY

\_\_\_\_\_  
**MAYOR**

**ATTEST:**

\_\_\_\_\_  
City Clerk

[AUDIT FIRM]

\_\_\_\_\_  
**PARTNER**

**ATTEST:**

\_\_\_\_\_  
Title

**REVIEWED** for form and legality this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Assistant Municipal Counselor

STATE OF OKLAHOMA    )  
                                  ) SS.  
COUNTY OF OKLAHOMA

\_\_\_\_\_  
Authorized Agent of [Audit Firm]

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Notary Public            Commission #

My Commission Expires:

\_\_\_\_\_



LIST OF PROSPECTIVE CPA FIRMS  
TO BE INCLUDED IN PROPOSAL LIST

Ernst & Young  
210 Park Ave., Suite 2500  
Oklahoma City, OK 73102  
278-6800

KPMG  
210 Park Ave., Suite 700  
Oklahoma City, OK 73102  
239-6411

Grant Thornton  
211 N. Robinson, Suite 1200  
Oklahoma City, OK 73102-7148  
218-2800

Carlson & Cottrell  
P. O. Box 331  
Shawnee, OK 74802  
275-1159

Gray & Northcutt, Inc.  
2601 N. W. Expressway, Suite 800 East  
Oklahoma City, OK 73112  
842-4420

Carl P. O'Brien  
P.O. Box 2110  
Sapulpa, OK 74067

Crawford & Associates, Inc.  
10308 Greenbriar Place  
Oklahoma City, OK 73159  
691-5550

BKD L.L.P.  
400 W. Capitol, Suite 2500  
Little Rock, Ark. 72201  
Attn: Craig Curless

Cole & Reed  
531 Couch Drive  
Oklahoma City, OK 73102  
239-7961

Elde Bailley  
2420 Westport Dr.  
Oklahoma City, OK 73102  
292-2900

\* Notice will also be published in a newspaper of general circulation for any interested firms not listed above.