

INTRODUCED: November 7, 2016

AN ORDINANCE No. 2016-269

To authorize the Director of Procurement Services, for and on behalf of the City of Richmond, to execute a Goods and Services Contract between the City of Richmond and CliftonLarsonAllen LLP for the performance of an independent financial audit of all accounts, books, records and financial transactions of the City for Fiscal Year 2015-2016.

Patron – Mayor Jones

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: NOV 14 2016 AT 6 P.M.

WHEREAS, City officials have recommended exercising the City’s authority pursuant to section 21-40(b)(1) of the Code of the City of Richmond (2015), as amended, to make a purchase off of a contract dated May 29, 2012, between the City of Alexandria, Virginia (“Alexandria”), and CliftonLarsonAllen LLP resulting from Request for Proposals No. 00000247 issued by Alexandria for CliftonLarsonAllen LLP to perform an independent financial audit of all accounts, books, records and financial transactions of the City for the fiscal year commencing July 1, 2015, and ending June 30, 2016; and

WHEREAS, pursuant to section 2-1081(b)(4) of the Code of the City of Richmond (2015), as amended, the City’s Audit Committee has provided, by the time of the City Council’s consideration

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: NOV 14 2016 REJECTED: _____ STRICKEN: _____

of this ordinance, its recommendations concerning the selection of this external auditor to the City Council; and

WHEREAS, section 8.10 of the Charter of the City of Richmond (2010), as amended, requires the approval of the City Council in order for the City to enter into a contract for such auditing services;

NOW, THEREFORE,

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Director of Procurement Services, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Goods and Services Contract between the City of Richmond and CliftonLarsonAllen LLP for the performance of an independent financial audit of all accounts, books, records and financial transactions of the City for the fiscal year commencing July 1, 2015, and ending June 30, 2016. Such contract shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

§ 2. This ordinance shall be in force and effect upon adoption.



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST

NOV 4 2016

Chief Administration Office
City of Richmond

4-5873

O&R REQUEST

DATE: November 4, 2016 EDITION: 2

TO: The Honorable Members of City Council

THROUGH: Dwight C. Jones, Mayor [Signature]

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer [Signature]

THROUGH: Lenora G. Reid, Deputy CAO, Finance and Administration [Signature]

THROUGH: C. Edward Gibbs, Director of Procurement Services [Signature]

FROM: John B. Wack, Director of Finance [Signature]

RE: Authorization to execute a contract between the City of Richmond and CliftonLarsonAllen LLP for external auditing services

ORD. OR RES. No. _____

PURPOSE: This request is to authorize the Director of Procurement Services, for and on behalf of the City of Richmond, to execute a goods and services contract with CliftonLarsonAllen LLP for external auditing services.

REASON: The Director of Procurement Services provided notice of the City's intent to terminate the external auditing services contract without cause with the firm performing the FY2015 audit, Grant Thornton LLP, on November 1, 2016. City officials have determined that CliftonLarsonAllen LLP can perform the FY2016 audit in a timely and cost effective manner, as indicated by the attached engagement letter.

RECOMMENDATION: The City Administration, including the Director of Finance, recommends authorizing the Director of Procurement Services to enter into a contract with CliftonLarsonAllen LLP for auditing services.

BACKGROUND: Code of Virginia § 15.2-2511 requires all localities to have "all of their accounts and records, including all accounts and records of their constitutional officers, audited annually as of June 30 by an independent certified public accountant in accordance with the specifications furnished by the Auditor of Public Accounts."

City Charter § 8.10 provides that the Council shall cause to be made annually an independent financial audit of all accounts, books, records and financial transactions of the City by the auditor of public accounts of the Commonwealth or by a firm of independent certified public accountants to be selected by the Council. The audit shall be of sufficient scope to express an opinion as to whether the books and records and the financial statements prepared therefrom as contained in the annual financial report of the City present fairly the fiscal affairs of the city in accordance with generally accepted accounting principles of municipal accounting and applicable governing laws. The report of such audit shall be filed within such time as the Council shall specify and one copy thereof shall be always available for public inspection in the office of the City Clerk during regular business hours.

The firm that performed the City's FY2015 audit, Grant Thornton LLP, was able to provide its opinion letter supporting the FY2015 Comprehensive Annual Financial Report (CAFR) on October 31, 2016. The following day, the Director of Procurement Services provided notice of the City's intent to terminate the external auditing services contract without cause, allowing time for Grant Thornton to complete the FY2015 Single Audit report for federal expenditures.

The City Administration made the business decision that it would be prudent to move forward with the FY2016 audit with another firm with demonstrated success with Virginia localities and the available staffing to complete the FY2016 audit in the most timely and cost-effective manner possible. The City Administration would like to engage CliftonLarsonAllen LLP for the FY2016 audit, consistent with the terms and conditions of the attachment.

FISCAL IMPACT / COST: As noted in the attachment, the cost of the engagement should not exceed \$325,000. This is significantly less than what would have been charged by the previous firm; funds are available in the City Auditor's FY2017 budget.

FISCAL IMPLICATIONS: None – budgeted funds are available.

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY: N/A

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: November 7, 2016

CITY COUNCIL PUBLIC HEARING DATE: November 14, 2016

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: (Committee referral waiver requested)

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: N/A

AFFECTED AGENCIES: City Auditor and Finance Department

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: Goods and Services Contract, City of Alexandria contract documents, and engagement letter

STAFF: John Wack, Director of Finance 646-5776

**CITY OF RICHMOND
GOODS AND SERVICES CONTRACT**

This Contract, dated this _____ day of _____, 20____ (the "Commencement Date") between the City of Richmond, Virginia (the "City") and CliftonLarsonAllen, LLP (the "Contractor"), is binding among and between these parties as of the date of the City's final signature.

WHEREAS, the City desires to exercise its authority pursuant to section 21-40(b)(1) of the Code of the City of Richmond to make purchases off of a contract dated May 29, 2012, between the City of Alexandria, Virginia ("Alexandria"), and the Contractor resulting from Request for Proposals No. 00000247 issued by Alexandria (the "Alexandria Contract").

THEREFORE, in consideration of the Recital set forth above and good and valuable consideration as set forth below, the parties agree as follows:

1. **Scope of Contract.** The Contractor shall provide services to the City as set forth in the Contract Documents enumerated in Section 2 below, subject to the following:
 - A. For purposes of this Contract, the following terms used in the Alexandria Contract have the meanings ascribed to them by this subsection (A):
 - (1) The terms "Alexandria," "City," or "City of Alexandria," except when part of the title of a document, have the same meaning as the term "City" as defined above;
 - (2) The terms "Contracting Officer's Technical Representative" and "COTR" refer to the City's Deputy Chief Administrative Officer for Finance and Administration or the written designee thereof;
 - (3) The term "Office of Internal Audit" refers to the City's Office of the City Auditor; and
 - (4) The term "Purchasing Agent" refers to the City's Director of Procurement Services.
 - B. Notwithstanding the provisions of any other Contract Document to the contrary, any and all disputes, claims, and causes of action arising out of or in connection with this Contract or any performance hereunder shall be brought and maintained only in the Circuit Court of the City of Richmond, Virginia.
 - C. Each purchase of accounting services shall be made by means of an engagement letter arrived at in accordance with the Alexandria Contract and this subsection (C). Each engagement letter shall refer to the Contract Number of this Contract and shall state that the engagement letter and all provisions in that engagement letter are governed by and limited by the provisions of this Contract. No engagement letter shall be construed or interpreted to modify the provisions of this Contract.
 - D. All payments shall be as provided in the Contract Documents, provided that the Contractor shall submit invoices that include (i) a unique invoice number, (ii) the City's purchase order number, and (iii) the Contractor's Federal Tax Identification Number to either accountspayable@richmondgov.com or City of Richmond, Accounts Payable, 900 East Broad Street, Richmond, VA 23219.

E. The mandatory provisions of section 21-70 (i.e., non-discrimination requirements for contracts with a value above \$10,000) of the Code of the City of Richmond (2015) are hereby incorporated by reference into the Contract.

2. **Contract Documents.** This Contract shall consist of the following Contract Documents, listed in order of precedence from highest to lowest:

- A. This Goods and Services Contract between the City and the Contractor.
- B. The Alexandria Contract.
- C. Any purchase order issued by the City pursuant to this Contract.
- D. Any engagement letter signed by the City and the Contractor pursuant to this Contract.

All of these documents are incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto on the latest day and year written below have executed this Contract.

For the CONTRACTOR:

For the CITY:

By: _____
(signature in ink) *Date*

(typed name)

(typed title)

By: _____
C. Edward Gibbs *Date*
Director of Procurement Services

IF A CORPORATION, AFFIX CORPORATE SEAL

Approved As To Form



Haskell C. Brown, III
 Assistant City Attorney
 Deputy



(703) 746-4944

FINANCE DEPARTMENT
PURCHASING DIVISION
Suite 301 – Banker’s Square
100 North Pitt Street
Alexandria, Virginia 22314



Fax: (703) 838-6493

**CONTRACT
FOR
FINANCIAL STATEMENT AUDITING SERVICES
FOR THE
CITY OF ALEXANDRIA FINANCE DEPARTMENT
ALEXANDRIA CITY PUBLIC SCHOOLS
ALEXANDRIA LIBRARY SYSTEM**

THIS CONTRACT (the “Contract”) is made this 29th day of May, 2012 between the CITY OF ALEXANDRIA, a Municipal Corporation of Virginia, by the Purchasing Division (hereinafter called the “City”) and

CliftonLarsonAllen, LLP
4250 North Fairfax Drive
Suite 1020
Arlington, Virginia 22203

(Hereinafter called the “Contractor”), each a “Party”, and jointly referred to as “the Parties”:

WITNESSETH:

WHEREAS, the City, pursuant to Request for Proposals No. 00000247, For Financial Statement Audit and Internal Audit Services (RFP), requested proposals from vendors to obtain the services of qualified firms to provide Financial Statement Auditing Services for the City’s Finance Department, Alexandria City Public Schools, and Alexandria Library System;

WHEREAS, The Contractor submitted a response, dated March 15, 2012, to provide Financial Statement Auditing services;

WHEREAS, the City issued a Notice of Award, dated May 21, 2012, to the Contractor to provide the Financial Statement Auditing Services for the City’s Finance Department, Alexandria City Public Schools, and Alexandria Library System pursuant to the RFP;

WHEREAS, the City desires to obtain, and the Contractor desires to provide Financial Statement Auditing Services for the City's Finance Department, Alexandria City Public Schools, and Alexandria Library System; and

NOW, THEREFORE, for and in consideration of the payments set forth in Article 11 below and the mutual promises contained herein, the parties agree as follows:

1. CONTRACT DOCUMENTS

The following documents are incorporated herein by reference and are made a part of this Contract:

- Exhibit I: Request for Proposals (RFP) Number 00000247, dated February 21, 2012;
- Exhibit II: Addendum 1, dated March 8, 2012;
- Exhibit III: CliftonLarsonAllen, LLP Proposal response to RFP Number 00000247, dated March 15, 2012; and
- Exhibit IV: Cost Proposal, dated May 4, 2012.

This Contract, together with Exhibits I through IV shall constitute the whole and entire agreement between the Parties. Where there is a conflict between the requirements of this Contract and the requirements of Exhibits I through III, the requirements of this Contract shall govern. Any conflict or inconsistency between the requirements of any Contract Documents shall be resolved by giving precedence to the Contract Documents in the order in which the Contract Documents are listed above in this section. The Contract may be amended to incorporate additional Contract Documents agreed to and executed by the Parties.

2. RELATIONSHIP OF THE PARTIES

- A. The Contractor covenants with the City to perform the work required under this Contract in accordance with its terms, within the care and skill a Contractor would exercise under similar conditions. To cooperate with the City reasonably and such other contractors as the City may retain; to exercise the Contractor's skill and judgment in performing its obligations; and to perform the work in an expeditious and economical manner consistent with the requirements of this Contract. The City agrees to furnish and approve, in a timely manner, information reasonably required by the Contractor and to make payments to the Contractor in accordance with its payment terms at Section 5.2.31.
- B. It is the intent of the Parties hereto that the Contractor shall be legally considered as an independent contractor, that neither it nor its employees shall, under any circumstances, be considered servants or agents of the City, and that the City shall be at no time legally responsible for any negligence or intentional wrongdoing on the part of Contractor, its servants or agents, resulting in either bodily injury to any person or property damage to any individual, firm, or corporation.

3. SCOPE OF WORK

- A. The services performed pursuant to this Contract shall be in strict accordance with the Specifications included as part of the Contract Documents.
- B. The Contractor shall coordinate with the City, as reasonable, in performance of the work required by the Contract Documents.
- C. The Contractor shall commence Work promptly and in accordance with the Contract Documents and any project plan developed pursuant to the Contract Documents.

4. TERM

The Contract, issued, will be for a period of five (5) consecutive years, with the City's Purchasing Agent having the sole option and discretion of renewing the Contract(s) for five (5) additional one (1) year periods, one (1) year at a time.

5. CONTRACT COSTS

- A. The City shall pay the Contractor for the Financial Statement Auditing Services performed pursuant to the Contract at an amount not to exceed the amount set forth in Exhibit IV.
- B. Any increase in price shall be pursuant to the contract terms and conditions set forth in Exhibit I.
- C. The Parties reserve the right to negotiate additional mutually agreed costs.

6. ADMINISTRATION OF THE CONTRACT

The Department of Finance, or designated representatives, shall serve as the Contracting Officer's Technical Representative (COTR) and shall administer the Contract for the City.

7. PERSONNEL AUTHORIZED TO REPRESENT THE PARTIES

The individuals named below are designated to assume the administration and coordination of all Contract requirements.

A. For the City:

(1) Contracting Officer's Technical Representative (COTR):

Berenice Harris
Phone: 703.746.4314
berenice.harris@alexandriava.gov

(2) Contracting Officer: Michael F. Hauer, CPPO, CPPB

Phone: 703.746.4295
Michael.hauer@alexandriava.gov

B. For the Contractor:

Contract Administrator: Gregory Bussink, III
Phone: 888.778.6688
greg.bussink@cliftonlarsonallen.com

8. ASSURANCES

Each Party to this Contract warrants the following:

- A. This Contract constitutes a valid, binding and enforceable agreement of the Party;
- B. The execution of this Contract and the performance of its obligations are within the Party's powers; have been authorized by all necessary actions on behalf of the Party; do not constitute a breach by the Party of any agreement with another party; and will not cause a breach by the Party of any duty arising in law or equity; and
- C. The Party possesses the financial capacity to perform all of its obligations under this Contract.

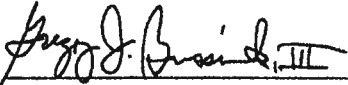
The Parties agree that the failure of any of the above representations and warranties to be true during the term of this Contract shall constitute a material breach of this Contract, and the City shall have the right, upon notice to the Contractor, to immediately terminate this Contract. All amounts outstanding hereunder shall be immediately invoiced.


9. SIGNATORIES

The Parties agree that they shall be bound by the contents of this Contract.

CLIFTONLARSONALLEN, LLP
4250 NORTH FAIRFAX DRIVE
SUITE 1020
ARLINGTON, VIRGINIA 22203

CITY OF ALEXANDRIA,
A MUNICIPAL CORPORATION
OF VIRGINIA

BY: 

BY: 

TITLE: Partner

TITLE: Acting Purchasing Agent

DATE: 5/22/12

DATE: May 29, 2012

EXHIBIT IV – Price Schedule



CliftonLarsonAllen

4250 North Fairfax Drive, Suite 1020
Arlington, Virginia 22203
888-778-6688 phone
571-227-8652 fax
www.cliftonlarsonallen.com

May 4, 2012

Mr. Michael F. Hauer, CPPO, CPPB
City of Alexandria Purchasing Division
100 North Pitt Street, Suite 301
Alexandria, Virginia 22314

Dear Mr. Hauer:

Thank you again for considering CliftonLarsonAllen LLP (CLA) to provide professional auditing services to the City of Alexandria, Virginia (the City). I hope that the following addresses any outstanding issues:

Cost Proposal

As requested, we have provided our cost estimate for financial statement audits for fiscal year 2012 through fiscal year through 2018.

Fiscal Year	City	School	Library	Total
2012	\$ 185,000	\$ 42,500	\$ 24,000	\$ 251,500
2013	186,900	42,900	24,200	254,000
2014	188,800	43,300	24,400	256,500
2015	190,700	43,700	24,600	259,000
2016	192,600	44,100	24,800	261,500
2017	194,500	44,500	25,000	264,000
2018	196,500	45,000	25,200	266,700

We hope that these clarifications will aid the City in its deliberations, and provide further insight as to why CLA is well suited for this engagement. Please contact me at 888-778-6688 or via email at Greg.Bussink@cliftonlarsonallen.com with any additional questions.

Sincerely,

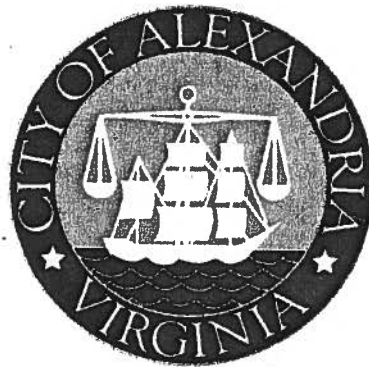
CLIFTONLARSONALLEN LLP

A handwritten signature in black ink that reads "Gregory J. Bussink, III".

Gregory J. Bussink, III, CPA, CGFM
Partner

CITY OF ALEXANDRIA, VIRGINIA
REQUEST FOR PROPOSALS (RFP) # 00000247
FOR
FINANCIAL STATEMENT AUDIT
AND
INTERNAL AUDIT SERVICES

Issue Date: February 17, 2012



A non-mandatory vendor pre-proposal conference will be held:

**March 1, 2012, 9 a.m. prevailing local time in the:
Purchasing Division Conference Room
100 North Pitt Street, Suite 301
Alexandria, Virginia 22314**

**RFP Closing Date and Time:
March 15, 2012, 4 p.m., prevailing local time**

**Issued by: Michael F. Hauer, CPPO, CPPB
Contract Specialist III**

Notice: The City of Alexandria does not discriminate against individuals or organizations in accordance with the Code of Virginia Code § 2.2-4343.1.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

PROPOSAL SUBMISSION

Proposals Due date and Time: March 15, 2012, 4 p.m., prevailing local time

Submit Proposals To: City of Alexandria
Finance Department/Purchasing Division
100 North Pitt Street, Suite 301
Alexandria, Virginia 22314
eProcure: <http://eprocare.alexandriava.gov/bsol/>

Submit: **For hard copy Proposals:**
Deliver one (1) **PRINTED, SIGNED ORIGINAL** of the Proposal (including all required submittals and signed addenda), one (1) **EXACT PAPER COPY** of the **SIGNED ORIGINAL** Proposal (including all required submittals and signed addenda) *and* two (2) **EXACT COPIES** of the **SIGNED ORIGINAL** Proposal (including all required submittals and signed addenda) on a Compact Disc (CD) in PDF or WORD format.

For electronic Proposals:
Submit the Proposal (including all required submittals and signed addenda) through the City's eProcure system at: <http://eprocare.alexandriava.gov/bsol/>, *and* one (1) **Exact Copy** of the Proposal (including all required submittals and signed addenda) on a CD in PDF or WORD format to the address listed above.

All submissions must be received by the RFP deadline stated above.

Important Notice

Effective immediately upon release of this Request for Proposals (RFP), and until notice of contract issuance, all official communications from Proposers regarding the requirements of this RFP shall be directed in writing to:

Michael F. Hauer, CPPO, CPPB, Contract Specialist III
Finance Department/Purchasing Division
100 North Pitt Street, Suite 301
Alexandria, Virginia 22314
procurement@alexandriava.gov

The City of Alexandria (City) shall distribute in writing all official changes, modifications, responses to questions, or notices relating to the requirements of this RFP via addenda. Unauthorized contact with any employee of any agency or department of the City, other than the employee listed above, may result in disqualification from the solicitation process. Any other information of any kind from any other source, or any oral communication, shall be considered unofficial and non-binding on the City. Proposers relying on unofficial information shall do so at their own risk.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

TABLE OF CONTENTS

Section Number	Description	Page Number
	Anticipated Timeline	5
	PART I - SCOPE OF WORK	6
1.1	Introduction/Overview	6
1.2	Purpose/Objective	6
1.3	Key Definitions	7
1.4	Contemplated Term of any Contract Issued as a Result of this RFP	9
1.5	Overview of the Current Financial Systems	9
1.6	Data Network	17
1.7	Server and Operating System Standards	18
1.8	Specifications and Required Performance Outcomes	20
1.9	Scope of Work for Internal Audit Services	24
1.10	Contractor's Responsibilities	26
1.11	Contractor's Personnel Requirements	27
1.12	Constraints on the Contractor	28
1.13	City of Alexandria, ACPS, Library Responsibilities	28
	PART II- INSTRUCTIONS AND OTHER INFORMATION FOR PROPOSALS	30
2.1	Submission Deadline; Number of Copies of Proposal; Marking Of Proposal	30
2.2	General Inquiries Related to the City's Procurement Process	31
2.3	Deadline for Questions and Inquires	31
2.4	Method of Source Selection	31
2.5	Compliance with the RFP	32
2.6	Award(s); Waiver of Defects or Omissions in Proposals; Rejection of Proposals	32
2.7	Minimum Criteria for Responsibility	33
2.8	Proposal Evaluation Panel and Evaluation Factors	33
2.9	Ambiguity, Conflict or Other Errors in the RFP	33
2.10	Amendments to this RFP Proposal and Presentation Costs	34
2.11	Proposal and Presentation Costs	34
2.12	Requests for Clarification of Proposal	34
2.13	Response Format	34
2.14	Acknowledgment of Insurance Requirements	40
2.15	Validity of Proposals Submitted in Response to this RFP	40
2.16	Examination of Contract Documents	40
2.17	Use of Contract by Other Public Bodies	

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

	PART III – GENERAL TERMS AND CONDITIONS	42
	PART IV – REQUIRED SUBMITTALS	
A	Offer and Award Form	62
B	Key Personnel	63
C	City of Alexandria Insurance Checklist	64
D	Required Information Form	72
E	Certified Statement of Non-Collusion	73
F	Disclosures Relating to City Officials and Employees	74
G	Equal Employment Opportunity Agreement	75
H	W-9 – Request For Taxpayer Identification Number and Certification	77
I	Proposer’s Price Proposal	78

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Anticipated Timeline Overview

Listed below are the tentative timeframes for events related to the RFP and the City's due diligence process. The activities with specific dates must be completed as indicated unless otherwise changed by the City. The City reserves the right to modify any timeframe or deadline in the RFP. In the event that the City finds it necessary to modify any of the timeframes listed below, it will do so by issuing an addendum to this RFP.

Event	Timeframe
RFP Issuance	February 17, 2012
Non-mandatory Pre-Proposal Conference	March 1, 2012
Deadline for Receipt of Vendor Clarification Questions	March 5, 2012
City Issues Responses to Vendor Clarification Questions via Addendum	March 8, 2012
Proposals Due Date	March 15, 2012
Scripted Proposer Solution Demonstrations	TO BE DETERMINED
Contract Negotiation and Issuance	TO BE DETERMINED

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

PART I - SCOPE OF WORK

1.1 INTRODUCTION/OVERVIEW

The City of Alexandria, Virginia is an urban community of 15.75 square miles and a population of 136,966. With its stable residential neighborhoods, its historic districts, and its proximity to Washington, D.C., the City continues to attract new residents, tourists, and businesses.

1.2 PURPOSE/OBJECTIVE

The City has issued this Request for Proposals (RFP) in order to solicit Proposals from interested and qualified Proposers to provide financial statement audit and internal audit services for the City of Alexandria, ACPS, Alexandria Transit Company (ATC), and the Alexandria Library system (Library).

An award, if made, the Contractor is to provide audit services for the following fiscal years:

- Fiscal Year 2012 – starts in Fiscal Year 2012
- Fiscal Year 2013 – starts in Fiscal Year 2013
- Fiscal Year 2014 – starts in Fiscal Year 2014
- Fiscal Year 2015 – starts in Fiscal Year 2015
- Fiscal Year 2016 – starts in Fiscal Year 2016

Option Year 1 (if executed):

- The Audit of Fiscal Year 2017 – starts in Fiscal Year 2017.

Option Year 2 (if executed):

- The Audit of Fiscal Year 2018 – starts in Fiscal Year 2018.

Additionally, the Contractor shall provide related accounting, consulting, or information technology consulting services on an as needed basis. The pricing for any additional services, shall be negotiated at the time of need.

The City's FY 2000 through FY 2011 Comprehensive Annual Financial Reports (CAFR) may be viewed on the internet at <http://alexandriava.gov/FinancialReports>.

1.3 KEY DEFINITIONS

The following definitions shall apply to the entire RFP:

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Acceptance means in term of goods, approval of Contractor's invoice for such goods by the COTR after a reasonable opportunity to inspect, and in terms of services, approval of Contractor's invoice for such services by the COTR.

Business Day means any day other than Saturday, Sunday, City holiday, or other day on which the City is closed.

Calendar Day means any day in a month, from midnight to midnight, including weekends and holidays.

Change Order means a written order to the Contractor, signed by the City's Purchasing Agent, which authorizes a change in the Work, an adjustment to the Contract Sum, and/or an adjustment to the Time(s) for Performance.

City means the City of Alexandria, a municipal corporation of Virginia, and its authorized representatives and employees.

Contract means a mutually binding and legally enforceable agreement executed between the City and a Contractor after an award pursuant to this RFP, which obligates the Contractor to furnish goods and/or services to or on behalf of the City, and the City to pay for the goods and/or services furnished. A Contract shall specifically identify all other Contract Documents and includes, but is not limited to, the following documents:

- A. RFP;
- B. Addenda issued related to the RFP;
- C. Proposer's signed Offer and Award Form and all other documents submitted by the Proposer to the City in response to the RFP;
- D. Notice of Award issued for the RFP;
- E. General Terms and Conditions for goods and services;
- F. Schedule(s);
- G. Testing documentation;
- H. Purchase Order(s) issued for the RFP;
- I. Related Agreements (e.g. Warranty, Support and Maintenance Agreements); and
- J. Change Order(s) issued pursuant to the Contract.

Contract Sum means the total amount payable to the Contractor for performance of the Work. The Contract Sum is stated in the RFP or Proposal and shall include any adjustments granted by Change Order.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Contracting Officer's Technical Representative (COTR) means the City's employee who serves as the Purchasing Agent's technical representative for purposes of administering the Contract.

Contractor means the Proposer, or the Proposer's authorized representative, which enters into a Contract with the City to perform the Work.

Final Payment means the payment of the balance of the Contract Sum, following the Acceptance of all goods and services delivered pursuant to the Contract.

Fiscal Year means the City's period of time from July 1 the current year through June 30 the following year.

Key Person means the individual(s) identified by a Proposer in its proposal to be involved directly in the performance of the Work under the Contract resulting from the RFP.

Living Wage means the hourly wage rate to be paid to an employee as required by Section 3-3-31.1 of the Alexandria City Code and published on the City's website at the time of Contract execution.

Notice means the notice required by section 3.21

Offer means a response to the RFP that if accepted by the City would bind the Proposer to provide the specified specific goods and/or services at prices specified by the Proposer pursuant to the terms and conditions specified in the RFP and resulting Contract that is presented for acceptance to the City.

Proposal means a submission put forth by a Proposer in response to a RFP which states something in exchange for consideration and may serve as the blueprint for a future Contract. A Proposal may be accepted or rejected by the City.

Proposer means any person who submits a Proposal in response to a RFP offering to enter into a Contract with the City.

Public Body means any legislative, executive, or judicial body, agency, office, department, authority, commission, committee, institution, board, political subdivision, or other entity created by law to exercise some sovereign power or to perform some governmental duty.

Purchase Order means a form executed by the Purchasing Agent to place an order for goods or service with a vendor based on a procurement conducted by the Purchasing Division.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Purchasing Agent means the City's principal public purchasing official or designated representative responsible for the purchase of all goods, services, insurance, and construction needed by the City. The Purchasing Agent serves as the City's chief Contracting Officer.

Request for Proposals (RFP) means a request made to prospective providers (Proposers) for their Proposals for goods, services, construction or insurance desired by the City.

Task Order means an order for services issued by the Contract.

Time(s) for Performance means the date(s) and time(s) by which goods are required to be delivered and/or services are required to be provided, in accordance with the Contract Documents.

Work means the goods and/or services required to be delivered by the Contractor pursuant to the Contract.

1.4 CONTEMPLATED TERM OF ANY CONTRACT ISSUED AS A RESULT OF THIS RFP

If an award is made pursuant to this RFP, the City will issue a Contract for an initial term required for the installation and acceptance of an awarded solution. Additionally, the contract will cover software maintenance and support, and license agreement for a period of five (5) years. The City reserves the right to renew the software maintenance and support, and the license agreement on an annual basis as long as the City is utilizing the awarded solution. Any renewal options are at the sole discretion of the Purchasing Agent.

1.5 OVERVIEW OF THE CURRENT FINANCIAL SYSTEMS

A. The City utilizes the following automated financial systems: (also see table 1):

- 1. Large Application systems (All of these applications use the Microsoft SQL Server database engine):**
 - i. Performance Accounting, Budget and Asset Management (Cogsdale);
 - ii. Payroll/Personnel (Integral Systems);
 - iii. KRONOS (time and attendance) (Kronos Incorporated) [Not really a financial system; feeds Payroll system with hours and some special pay rates];
 - iv. Revenue Collection System/Cash Registers (PCI);
 - v. Personal Property (developed and maintained in house);
 - vi. RevenueOne (Business License, BPP, Meals, Transient Lodging, Utilities) (Avenity); and
 - vii. Purchasing system - eProcure (formerly BuySpeed) (Periscope).

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

2. Additional Financial Application systems (Clipper/dBase environment):

Real Estate Accounts Receivable (ECCO Consulting).

3. Additional Application systems that have a small financial component:

- i. RecTrac (Vermont Systems, Inc.);
- ii. Kiosk Tax Payments;
- iii. Permit Plus Plan; and
- iv. Coming soon, a new point of sale system for Historic Alexandria and City Web site (and possibly other departments).

4. Small Application systems:

Treasury ACH.

5. Hosted Application:

Parking Tickets.

6. Stand Alone applications:

- i. ACOM - check printing for GL, payroll and DCHS checks; and
- ii. Convey - generates GL 1099s.

B. The City participates in eight (8) public employee retirement systems:

1. The Commonwealth of Virginia administers one (1) of these systems (VRS);
2. There are two (2) open single-employer defined benefit plans (Firefighter & Police Officer Pension Plan and the Supplemental Retirement Plan);
3. There is one (1) closed single-employer defined benefit plan (Pension Plan for Firefighters & Police Officers closed in 1979);
4. There is one (1) excess plan for the Firefighter & Police Officer Pension Plan. Following the conversion from the defined contribution to the defined benefit plan no benefits have been paid since 2005;
5. There is one (1) closed defined contribution plan for Firefighters and Police Officers;
6. There is one (1) Post-Employment Benefits trust for retiree medical and life insurance created in 2008; and
7. There is one (1) voluntary deferred compensation plan (457) for employee retirement savings.

C. The Firefighter & Police Officer Pension Plan has a pension component and a disability component, each with a separate trust fund. All of these plans are reflected as Pension Trust Funds.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

- D.** The City also maintains four (4) agency funds for which the City acts in a custodial like manner. Two (2) of these funds are handled by the City's Department of Community and Human Services, one (1) is handled by the City's Department of Housing, and one (1) by the Industrial Development Authority.
- E.** The ACPS is a component unit of the City. It maintains an integrated accounting and financial reporting system provided by Mitchell Humphrey and Company, which markets the system under the name "FMS II". This system includes the following modules:
1. General ledger (GL);
 2. Procurement and accounts payable; and
 3. Fixed asset system.
- F.** The payroll system is provided by the Highline Company, which markets the system under the name "e-Personality." This system integrates the payroll and personnel modules.
- G.** The budgeting system is currently handled by using different excel sheets that are consolidated once the budget is approved and then uploaded, by GL and other segments of the City of Alexandria, in the FMSII system for appropriation control.
- H.** Currently, ACPS is in the process of implementing a fully integrated ERP system, by Tyler Technologies Inc., called MUNIS. This system is being implemented in three phases.
1. Phase I - will include general ledger, budget preparation and execution, and procurement and accounts payable. This phase is projected to go "live" May 2012;
 2. Phase II - will include human resources (employee records, recruiting, benefits administration, position control) and payroll functions. This phase is projected to go "live" January 2013; and
 3. Phase III - will include account receivables, inventory, fixed assets, and compensation projection. This phase is projected to go "live" September 2013.
- I.** ACPS maintains two controlled disbursement accounts (accounts payable and payroll) by which funds are automatically transferred from the City's pooled account to pay checks issued from these accounts.
- J.** ACPS participates in three (3) public employees' retirement systems (PERS). The Commonwealth of Virginia administers two (2) of these systems through the Virginia Retirement System (VRS). The third plan is a single-employer defined benefit plan, which supplements the VRS plans and reflected as a Pension Trust Fund. This third plan is referred to as "ACPS supplemental retirement" and is managed by a third

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

party company, Principal Financial Group, who is in charge of both the plan investments and the plan administration.

- K.** ACPS maintains an Agency Fund, which accounts for student activity monies held by the school principals. All of the ACPS schools maintain a student activity fund account, totaling 20 accounts. The annual audit shall include two (2) high school campuses, five (5) middle schools, and six (6) elementary schools. The elementary schools selected for audit will be selected on a rotating basis or as specified by management.
- L.** The (ATC) is a component unit of the City of Alexandria. ATC uses Great Plains for its accounting system, which includes general ledger, payroll, and personnel systems. The Alexandria Transit Company does not issue separate financial statements and is included as an enterprise fund of the City.
- M.** The City processes all of the ATC's payables. The City buys ATC's capital assets and gives them as a capital contribution. Although ATC processes its own payroll, the City provides the funds and loads the payroll expenditures into the City's accounting system. The City funds the deficits and may issue debt on behalf of the Alexandria Transit Company. The City inputs ATC's budget into the City's Performance Accounting budget system.
- N.** ATC has a 401 (k) plan and provides matching contributions for all of its employees.
- O.** The Alexandria Library is a component unit of the City of Alexandria. It maintains QuickBooks as its accounting system, which includes general ledger and accounts payable systems. The Library reports fixed assets to the City's Accounting Division annually. The Library participates in the City's payroll and personnel systems. The Library inputs its budget into the City's Performance Accounting budget system annually. Appropriated non-personnel operational funds are transferred monthly by the City to the Library's bank account. As the Library maintains its own general ledger and accounts payable systems, expenditures are reported annually to the City's Office of Management and Budget.
- P.** The Library participates in two (2) public employees retirement systems (PERS) through the Commonwealth of Virginia and the City.
- Q.** The Library financial statements also include additional unaudited information for each of the libraries and administration.

Table 1

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Data Flow Item #	Data Flow Description	Source Application	Target Application	Exists in Current City Environment
1	457B Voluntary Retirement	Payroll	ICMA	Yes
2	ACH Direct Deposit	Payroll	SunTrust or other banks	Yes
3	Administrative costs related to Virginia Department of Social Services positions	HR	Virginia Department of Social Services (Laser)	Yes
4	Administrative costs related to Virginia Department of Social Services positions	Virginia Department of Social Services (Laser)	Project/Grant	Yes
5	Applicant Tracking	NeoGov	Human Resources	No
6	Balances	Payroll	Kronos	Yes
7	Budget book creation	Budget application	Publishing tool for budget book	No
8	Budget information	Fastr	Budget	No
9	Budget information	Energy Cap	Budget	No
10	Check printing	Accounts Payable, Payroll	ACOM	Yes
11	City Tax payments	Payroll	State and/or Federal Gov.	No
12	Cleared checks	SunTrust Bank	Bank Reconciliation	Yes
13	Companion Services (subset of purchase of service)	Harmony	Payroll	Yes
14	Contract Management	eProcure	Contract Management	No
15	DASH Financial Info	Great Plains	Budget	No
16	DASH Financial Info	Great Plains	General Ledger	No
17	Debt set-off program (vehicle tax)	Tax Billing	VA Dept. of Taxation	Yes
18	Defined Benefits/Pension City Supplemental Pension Plan, Police/Fire Pension	Payroll	Prudential	Yes

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Data Flow Item #	Data Flow Description	Source Application	Target Application	Exists in Current City Environment
19	Delinquent personal property tax	Tax Billing	Collection Agency	Yes
20	Deposits without ACH	Payroll	Credit Union	Yes
21	Direct Deposit	Payroll	Credit Union	Yes
22	e-checks	Web portal	General Ledger	Yes
23	Electronic Document Management	Laserfiche	ERP	Yes
24	Electronic Document Management	ERP	Laserfiche	Yes
25	Employment applications	Website	Human Resources	Yes
26	Federal W2's	Payroll	SSA	Yes
27	File of electronic bills to vehicle leasing companies	Tax Billing	Leasing Companies (100s)	No
28	File of electronic tax bills to Tax Service Companies	Tax Billing	Tax Service Companies (7)	Yes
29	Financial Data	Energy Cap	General Ledger	Yes
30	Fire Department scheduling and reporting	Telestaff	Time and Attendance	Yes
31	Flex payments (childcare and health expense)	Payroll	Ceridian	Yes
32	Garnishments	Payroll	Commonwealth of Virginia	Yes
33	General Employee LTD	Payroll	Standard	Yes
34	Home Health Data	Harmony	Oasis	Yes
35	Insurance payments	Payroll	Genworth	Yes
36	Investment management	State LGIP	General Ledger	Yes
37	Kronos	HR	Kronos	Yes
38	Kronos	Kronos	Budget	Yes
39	Library Budget information	Excel	Budget	No
40	Library Financial Data	QuickBooks (library)	General Ledger	No

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Data Flow Item #	Data Flow Description	Source Application	Target Application	Exists in Current City Environment
41	Online Payments	SunTrust	General Ledger	Yes
42	Parking Vendor Payments (Wire Transfer)	Payroll	Republic Parking System	Yes
43	Pay checks/Advices	Payroll	SunTrust	Yes
44	Pay period data	Integral	Human Resources	Yes
45	Pay period data	Payroll	Personnel MS Access Database	Yes
46	Payroll Data	General Ledger	Payroll Vendor	No
47	Payroll Data	Payroll Vendor	General Ledger	No
48	Payroll expenses	Payroll	GL Tier Accounting System (aka Performance Accounting)	Yes
49	Payroll Information	Payroll	OMB, Pension, DHS, Mental Health	Yes
50	Performance Management	ERP	Performance Management System	No
51	Permit Payments	Permit Plan	General Ledger	No
52	Point of Sale Data	PCI	General Ledger	Yes
53	Positive Pay	Bank	Payroll	Yes
54	Purchase of Service (education and training, babysitting, etc.) reporting to state	Harmony	General Ledger/Accounts Payable	Yes
55	Real Estate tax bills	Real Estate Accounts Receivable System	Performance Interface	Yes
56	Real Estate Tax information	CAMA, Real Estate Tax Receivable System	Real Estate on the Web	Yes
57	Retiree health premiums	VRS Health	Payroll	Yes
58	Retiree health/life premiums	SunTrust Lock box	Payroll	Yes

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Data Flow Item #	Data Flow Description	Source Application	Target Application	Exists in Current City Environment
59	Retiree health/life premiums	Prudential	Payroll	Yes
60	Retirement (deferred comp)	Payroll	ICMA	Yes
61	Retirement applications and administration	Prudential	HR/Payroll	Yes
62	SS withholding	Payroll	SS Administration	Yes
63	SSN Verification	Payroll	SSA	Yes
64	State Retirement System	Payroll	VRS	Yes
65	State Retirement System	VRS Health	Human Resources	Yes
66	State tax withholding, garnishments	Payroll	VA, MD, DC, PA, WV	Yes
67	State W2's	Payroll	VA, MD, DC, PA, WV	Yes
68	Summary Tax data	Revenue One	General Ledger	No
69	Tax Payments	Cashiering	Kiosk	Yes
70	Tax Payments and other department payments (rec, mental health)	Lockbox	General Ledger	Yes
71	Time and Attendance	Kronos	Payroll	Yes
72	Union insurance payments	Payroll	Colonial	Yes
73	VA Social Services	Payroll	LETS	Yes
74	Vehicle Assessment Data	National Automobile Dealers Association (NADA) Official Used Car Guide	Tax Billing	No
75	Vehicle Billing	Vehicle Personal Property	Performance Interface	Yes
76	Vehicle registration withholding	Tax Billing	VA Dept. of Motor Vehicles	Yes
77	Vendor self-service, web purchasing	BuySpeed DB (eProcure)	General Ledger	No
78	Vendors, payables, payroll, chargebacks,	Cityworks	General Ledger	No

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Data Flow Item #	Data Flow Description	Source Application	Target Application	Exists in Current City Environment
	inventory			
79	Virginia Retirement	Payroll	VRS	Yes
80	Voluntary Insurance deduction information	ING	Payroll	Yes
81	Voluntary Insurance payments	Payroll	ING	Yes
82	Wire Transfers	State	General Ledger	Yes
83	Wire Transfers	General Ledger	Various vendors	Yes

1.6 DATA NETWORK

A. Network Overview

1. Multiple ring topology - the City operates multiple 1 GbE rings;
2. Dark Fiber Network at 58 sites – 1GbE;
3. Leased High Bandwidth Network – 1GbE;
4. Leased Low Bandwidth Network – T-1;
5. Remote access via IPSEC and SSL based Virtual Private Network (VPN) are available at 23 sites. There are some remote sites that use site-to-site IPSEC VPNs. Authentication for the VPN is tied to the City’s directory service;
6. Four (4) City sites are not on Wide Area Network (WAN);
7. There are multiple 802.11a wireless hotspots in buildings throughout the City.
8. For Wireless Access Points (WAP) typically 128-bit WEP encryption is used to encrypt the data;
9. What’s up gold, PTRG, Packteer and Nortel Switch Management are all tools utilized by the City for network configuration management;
10. The City utilizes SNMP to manage network equipment and reviews logs from the various systems on a daily basis; and
11. The City has a firewall in place at the network perimeter and has DMZ’s off the firewalls.

B. Network Equipment

1. Nortel 1GbE; Models 55xx,56xx,8600,8300;
2. Cisco 1GbE; Model: 3750;
3. Juniper 1GbE;
4. Nokia 1GbE;
5. VPN Devices: Nortel, Juniper;
6. Firewall devices: Juniper SSG550, Nokia 550; and

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

7. The primary manufacturer of the phone system is Avaya. The City is in the process of migrating from an Avaya TDM / PBX based system to a new city-wide Voice over IP (VoIP) system.

C. Data Center

The Information Technology Services (ITS) maintains an enterprise class data center. This data center meets best practices in power distribution, heat, ventilation and air conditioning (HVAC) systems, environmental controls, fire suppression, access management, emergency power, and physical security.

The data center is protected with a door access control system and has video camera monitors to all entrances of the data center/server room. The server area has a dedicated 24/7 air conditioning unit that is sufficient to keep the servers cool.

D. Logical Network

1. The City is utilizing IPv4 and IP RIPv1/v2 protocols on the LAN and WAN; and
2. Multiple VLANS are used on the network.

E. DRP/BCP Environment

The City has a disaster recovery plan that covers its servers. The City has tested the plan and has verified that it will prevent material long-term disruption to normal business operations.

1.7 SERVER & OPERATING SYSTEM STANDARDS

A. Servers

1. There are approximately 180 servers operating under ITS administration;
2. The City is currently utilizing both Dell (80%) and HP (20%) Servers;
3. There are twelve (12) physical servers running approximately 60 virtual servers/hosts;
4. All servers are connected to the network using 1-Gigabit Ethernet speeds; and
5. The Active Directory (AD) spans all City departments with the exception of the Courts Department.

B. Operating Systems

1. Microsoft OS (2000/2003/2008/XP);
2. Linux Derivative; and
3. ESX v4.

C. Databases

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

1. MS SQL 2000, 2005;
2. MYSQL; and
3. Storage & Backup Environment.

D. Storage

1. All of the virtual servers are stored on a dedicated EMC CX3-40C SAN storage;
and
2. The VM infrastructure boots the virtual machines off the storage.

E. Backup

1. The backup services are a centralized. Backup services are provided by ITS to all of the departments across the City;
2. The City utilizes Symantec NetBackup v6.5 and VCB;
3. The City utilizes VMware Consolidated Backup (VCB) to perform backup services on the VM environment;
4. The backup schedule performs daily incremental and weekly full backups;
5. Backup on the email system is performed on an hourly basis; and
6. The back-up strategies include disk-to-tape, disk-to-disk and disk-to-disk-to-tape.

F. Workstation Standard

1. OptiPlex 780 Minitower for Standard PSU;
2. Operating System: Windows 7 Professional with Media, 32-bit, English;
3. Intel Core processor, 2 Duo E8400 with VT (3.0GHz, 6M, 1333MHz FSB);
4. Integrated Video, Intel GMA 4500, Display Port/VGA;
5. Dell Professional P190S 19 in HAS Monitor, VGA/DVI;
6. Standard Power Supply;
7. 160GB 7,200 RPM 3.5" SATA, 3.0 Gb/s Hard Drive with NCQ and 8MB Cache;
8. 16X DVD-ROM, Cyberlink Power DVD;
9. Web Browser/Email Standard;
10. Microsoft Internet Explorer Version 7 and 8 is used on the majority of the Workstations;
11. St. Bernard iPrismH100 is utilized for Web Filtering; and
12. Microsoft Outlook is currently being utilized for email.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

G. Laptop Standards

1. Commonly deployed laptops include Dell Latitude E6430, Latitude D630, Panasonic Toughbook CF19 MKII, Panasonic Business Rugged CF-C1 MKII, Panasonic Toughbook CF31;
2. Operating Systems: Windows XP with SP3, Windows 7 Professional with Media, 32-bit and 64-bit, English; and
3. Minimum 2 GB RAM.

1.8 SPECIFICATIONS AND REQUIRED PERFORMANCE OUTCOMES

A. Transactions to be audited

The scope of the audit shall be sufficient for the Contractor to opine on the fair presentation of the financial statements in conformity with generally accepted accounting principles. The financial statements shall be presented in accordance with accounting principles generally accepted in the United States (Generally Accepted Accounting Principles GAAP), all current relevant accounting, and financial reporting statements as issued by the Governmental Accounting Standards Board (GASB), and uniform reporting standards for counties, cities, and towns issued by the Commonwealth of Virginia's Auditor of Public accounts. The auditor shall provide three audit reports. The first shall give an opinion on the respective financial position of the governmental activities, the business-type activities (if any), the discretely presented component units, each major fund, and the aggregate remaining fund information based on the auditing procedures applied during the audit of the financial statements and the reports of other auditors, as applicable. The second shall report on internal control over financial reporting and on compliance and other matters based on the audit of the financial statements performed in accordance with Government Auditing Standards (GAS) and the third shall give an opinion on compliance with requirements applicable to each major program, on internal control compliance and the Schedule of Federal awards in accordance with OMB Circular A-133. In addition, the supplementary schedules, including the Statement of Revenues and Expenditures of Federal Financial, shall be covered by an "in relation to" audit opinion as contemplated by SAS 29; Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents.

The scope of the audit shall also be sufficient for the Contractor to issue the compliance reports required under the Single Audit Act.

As part of the audit of the ACPS, the Contractor shall include the student activity funds of the middle and secondary schools, in accordance with ACPS policy.

During the term of the contract, the City may ask the Contractor to audit other entities related to the City.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

During the term of the contract, the City may request the Contractor to review any official statements or subsequent required annual financial information and operating data issued in connection with the sale of bonds. This review when requested shall be sufficient in scope to permit the official statement to include the Report of Independent Accountants on the Basic Financial Statements.

This activity is an additional task order issued by the City, with costs negotiated at the time using predetermined hourly rates.

B. Standards and Guidelines

The audit shall be conducted in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) Government Auditing Standards, the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, with the standards set by the American Institute of Certified Public Accountants, and the Auditor of Public Accounts for the Commonwealth of Virginia guidelines. The financial statements shall be prepared in accordance with accounting principles generally accepted in the United States as promulgated by the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board, the Financial Accounting Standards Board, and the Auditor of Public Accounts for the Commonwealth of Virginia.

C. Financial Audit

The Contractor shall examine all funds of the City in accordance with generally accepted auditing standards and the Audits of Counties, Cities, and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia. (Copies of these specifications are available from the Auditor of Public Accounts.) The examination shall result in the rendering of the Contractor's opinion of the financial statements prepared by the City and the ACPS and Library Administrations. The Contractor's opinion shall be unqualified unless the Contractor furnishes on a timely basis, to the City, the ACPS, the Library, and the Auditor of Public Accounts, Commonwealth of Virginia, its reasons for qualifying the opinion, disclaiming an opinion, or rendering an adverse opinion.

In addition, the financial statements and the Comprehensive Annual Financial Reports shall be reviewed to ensure that the City and ACPS comply with the GFOA Certificate of Achievement checklists and can continue to receive Certificates of Achievement for Excellence. The City has received Certificates of Achievement for Excellence (Conformance) for thirty-three consecutive years. The ACPS has received the certificate for the past twelve years.

D. Compliance Audits

The Contractor shall perform the compliance examinations required by the Single Audit Act of 1984 (as amended in 1996) and the provisions of OMB Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. The Standards for Audit of

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Governmental Organizations, Programs, Activities, and Functions, issued by the U. S. General Accounting Office, contain the standards for examination.

The Contractor's auditors shall have prior experience auditing local government, preferably a Virginia locality. As indicated, the engagement letter shall state the qualifications of the assigned staff.

The Contractor shall comply with the provisions of any and all Federal, State, and City orders, statutes, ordinances, Charter, bond covenants, and administrative rules and regulations which shall pertain to the work required in the contract.

E. Transmittal Forms

The Auditor of Public Accounts requires all localities to complete transmittal forms in accordance with the provisions of the Uniform Financial Reporting Manual for Virginia Counties and Municipalities, and the opinion on these forms submitted to the Auditor of Public Accounts. The City shall prepare the forms, and the Contractor shall render their opinion in time for the City to submit the form and opinion by the Commonwealth of Virginia imposed deadline of November 30.

F. Management Letter

Before releasing the final audit opinion, the Contractor shall submit a management report of its findings on the system of internal control and related budgeting and operating procedures. The report shall also offer suggestions for improving administrative methods, management operations, and cost reductions, when considered by the Contractor to be appropriate and documentable within the scope of the audit.

The Contractor shall submit a draft management report of its findings on the ACPS's system of internal control and related budgeting and operating procedures by November 9. The ACPS plans to provide responses to the findings for inclusion in the final report by November 19.

G. Audit Conference

The Contractor shall have a conference with the Director of Finance, Deputy Finance Director and Comptroller, and the Deputy City Manager for Finance for the purpose of reviewing its audit findings and recommendations before issuing any opinion, management letter, certification, or report. A similar conference conducted with the ACPS's staff on similar types of items that apply exclusively to the school system. This conference shall take place with the ACPS Superintendent, the Chief Financial Officer, and the Deputy Superintendent.

H. Scheduling and Procedures

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Prior to beginning each audit, the Contractor shall develop a time schedule and observed procedures from the beginning of the fieldwork to the publication of the Comprehensive Annual Financial Report (CAFR). The Commonwealth of Virginia imposes a November 30 deadline for publication of the CAFR. The time schedule and procedures developed in conjunction with the City and ACPS staffs are subject to approval by the City.

I. Timing of Deliverables

The following times for deliverables are required unless changed by the City:

1. The Contractor shall complete all fieldwork before October 15;
2. The Contractor shall disclose the rationale for all proposed adjusting entries before October 15;
3. The Contractor shall furnish a written opinion to the Mayor and members of the City Council on the Comprehensive Annual Financial Report prepared by the City of Alexandria before October 31. The Contractor shall also furnish a written opinion on the Comprehensive Annual Financial Report prepared by the ACPS before October 20. The Contractor shall also furnish a written opinion on the Comprehensive Annual Financial Report prepared by the Alexandria Library before October 5;
4. The Contractor shall furnish by November 29, a written opinion to the Auditors of Public Accounts on the transmittal forms for the Uniform Comparative Cost Report submitted to the Auditor of Public Accounts;
5. The Contractor shall submit a draft management report of its findings on the City, ACPS, and Library's system of internal control and related budgeting and operating procedures by October 25;
6. The Contractor shall furnish its final management report to the City Manager no later than thirty- (30) days after completion of the audit fieldwork.
7. The Contractor shall complete their certification of the Data Collection Form (SFSAC) for OMB Circular A-133 Single Audits for the Federal Audit Clearinghouse no later than thirty- (30) days after the Comprehensive Annual Financial Report presentation to City Council, but no later than December 15;
8. The City CAFR shall be printed and submitted to the City ten (10) days before the Council meeting held on the second Tuesday in November. The Contractor shall attend and brief the City Council at that meeting.
9. The ACPS CAFR shall be printed and submitted to the ACPS Budget and Audit Committee by November 21. The Contractor shall attend and brief the committee when it schedules a meeting.
10. The Library CAFR shall be printed and submitted to the Library Board ten (10) days before the Board meets to approve the audit on the 3rd Monday of October. The Contractor shall attend and brief the Board when it schedules a meeting.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Prior to beginning each audit, the Contractor shall develop a time schedule and observed procedures from the beginning of the fieldwork to the publication of the Comprehensive Annual Financial Report (CAFR). The Commonwealth of Virginia imposes a November 30 deadline for publication of the CAFR. The time schedule and procedures developed in conjunction with the City and ACPS staffs are subject to approval by the City.

I. Timing of Deliverables

The following times for deliverables are required unless changed by the City:

1. The Contractor shall complete all fieldwork before October 15;
2. The Contractor shall disclose the rationale for all proposed adjusting entries before October 15;
3. The Contractor shall furnish a written opinion to the Mayor and members of the City Council on the Comprehensive Annual Financial Report prepared by the City of Alexandria before October 31. The Contractor shall also furnish a written opinion on the Comprehensive Annual Financial Report prepared by the ACPS before October 20. The Contractor shall also furnish a written opinion on the Comprehensive Annual Financial Report prepared by the Alexandria Library before October 5;
4. The Contractor shall furnish by November 29, a written opinion to the Auditors of Public Accounts on the transmittal forms for the Uniform Comparative Cost Report submitted to the Auditor of Public Accounts;
5. The Contractor shall submit a draft management report of its findings on the City, ACPS, and Library's system of internal control and related budgeting and operating procedures by October 25;
6. The Contractor shall furnish its final management report to the City Manager no later than thirty- (30) days after completion of the audit fieldwork.
7. The Contractor shall complete their certification of the Data Collection Form (SFSAC) for OMB Circular A-133 Single Audits for the Federal Audit Clearinghouse no later than thirty- (30) days after the Comprehensive Annual Financial Report presentation to City Council, but no later than December 15;
8. The City CAFR shall be printed and submitted to the City ten (10) days before the Council meeting held on the second Tuesday in November. The Contractor shall attend and brief the City Council at that meeting.
9. The ACPS CAFR shall be printed and submitted to the ACPS Budget and Audit Committee by November 21. The Contractor shall attend and brief the committee when it schedules a meeting.
10. The Library CAFR shall be printed and submitted to the Library Board ten (10) days before the Board meets to approve the audit on the 3rd Monday of October. The Contractor shall attend and brief the Board when it schedules a meeting.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Contractor shall coordinate with the departments to avoid potential conflicts between audit requirements and departmental peak demand times;

6. Departmental staff time required in assisting the Contractor in pulling records, preparation of schedules, etc., requires agreement prior to the audit. Unless agreed to by the department under audit, no City staff will assist in the audit;
7. Work Space: Working space for the Contractor and the Contractor's equipment shall be available. The Contractor shall provide all working papers and other supplies needed for the term of the contract;
8. Access to City Records: The Contractor shall have complete, free, and unrestricted access to all City activities, records, and discussions with personnel, unless specifically prohibited by law;
9. Progress Reports: The Contractor shall keep staff in the Office of Internal Audit informed about the progress of the audit. Reports shall be verbal or written, contingent upon prior approval of the Office of Internal Audit;
10. Findings Involving Irregularities or Illegal Acts: If the Contractor finds evidence of irregularities, illegal acts, or fraudulent activities during an audit, the Contractor shall notify, verbally and in writing, the Office of Internal Audit within one (1) business day from the date the irregularities, illegal acts, or fraudulent activities discovered. The Office of Internal Audit staff shall then instruct the Contractor how to proceed. If the Contractor fails to follow these guidelines, the City, in its sole discretion, may immediately terminate the internal audit contract;
11. Preparation of Work Papers: The Contractor shall prepare all work papers in accordance with the general guidelines as set forth in the Government Auditing Standards. The Contractor shall submit its work papers to support its draft report to the Internal Audit staff for review;
12. Ownership and Confidentiality of Audit Work Papers: All work papers shall remain the sole property of the City. The Contractor shall not disclose to any individual or organization the contents of the work papers without prior written permission from the City;
At the end of each audit, the Contractor, with the coordination of the City's Office of Internal Audit, will determine which work papers and when the work papers need returned to the City and work papers not returned to the City be either retained by the Contract or destroyed by the Contractor; and
13. Preparation of Audit Reports: The Contractor shall prepare a written draft detailing audit findings and recommendations and given to the Office of Internal Audit within thirty- (30) days after completion of the audit work. The report shall include recommendations to correct problems.

In the absence of findings involving irregularities, illegal acts, or fraudulent activities, the Contractor, Office of Internal Audit staff, and pertinent City staff shall meet to discuss the findings and recommendations contained in the report. Should irregularities, illegal acts, or fraudulent activities be discovered, the Contractor shall comply with, "Findings Involving Irregularities or Illegal Acts" of this RFP.

After the Directors of the departments involved and the Office of Internal Audit staff agree with the Contractor's findings and recommendations, the Contractor

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

shall prepare a detailed audit report at the conclusion of the audit assignment in such quantity as agreed upon with the Office of Internal Audit. The Contractor shall prepare a management letter detailing reportable conditions found during the audit and recommendations for corrections. These reports and letters shall be available electronically.

14. **Acceptance of Audit Report:** The City reserves the right to reject any report that does not meet audit objectives as outlined in the engagement letter. If the City rejects a report, the Office of Internal Audit shall notify the Contractor of the reasons for rejection in writing. The City shall not pay the Contractor for any rejected reports. The City's right to reject a report shall extend through the term of the contract and for ninety days after the expiration of the contract.

C. Other Related Services

The Contractor shall perform engagements that may include fraud or internal audits or other agreed upon procedures for grant recipients, not-for-profits, or related governmental organizations.

The Contractor shall perform reviews, analysis, or investigations of a financial or administrative nature.

1.10 CONTRACTOR'S RESPONSIBILITIES

The Contractor shall have the following responsibilities:

- A. Provide, on schedule, any and all reports required by the City;
- B. Comply with all Contract requirements;
- C. Perform required tasks, provide required goods or services, and produce timely outcomes of the required quality in an efficient and cost effective manner;
- D. Furnish through its workforce, or sub-workforce, the appropriate and necessary, insurance, supervision, coordination, labor, tools, equipment, machinery, materials, supplies, transportation and other services, including any relevant license or patent rights, necessary to perform the services required by this RFP;
- E. Maintain a clear line of communication with the City;
- F. Work with the City to avoid problems, and when that is not possible, resolve problems promptly and at the lowest possible level;
- G. Maintain a quality control program acceptable to the City;
- H. Maintain project records of expenditures, deliverables, and progress;

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

- I. Notify the COTR, within five days of the failure of the customer department to pay on a timely basis any invoice submitted by the Contractor;
- J. Enter into written agreements with subcontractors and material suppliers, and provide such written agreements to the City upon request;
- K. Provide access for all authorized City personnel and representatives to any and all sites where services related to the Work are performed or supported;
- L. Perform all work in accordance with current and applicable standards published by U.S. and international standards organizations;
- M. Comply with all local, state, and federal laws, rules, regulations, and other legal requirements applicable to Work performed under the Contract, including those regarding licenses and permits, safety and the environment, and the disposal of hazardous and potentially hazardous materials;
- N. Maintain working conditions that are safe, non-hazardous, sanitary, and protective of persons and property;
- O. Deliver products and services that are safe, non-hazardous, sanitary, and protective of all persons and property;
- P. Comply with the terms and conditions set forth in the Contract Documents; and
- Q. If you have a quality assurance program in place, you must submit a copy of your plan with your Proposal, for approval by the City. If you do not have a quality assurance plan in place, you must submit a statement, why you do not have such a program.

1.11 CONTRACTOR'S PERSONNEL REQUIREMENTS

- A. The Contractor shall employ suitably trained and skilled professional personnel to perform all services under the Contract;
- B. Prior to changing any key personnel, the Contractor shall obtain the written approval of the City;

1.12 CONSTRAINTS ON CONTRACTOR

- A. The Contractor shall comply with all local, state, and federal laws, rules, regulations, and other legal requirements applicable to the Work performed under the Contract;
- B. In order to avoid disruption of Work or other undesirable or unacceptable consequences, the Contractor shall plan, schedule, and provide services under the Contract in conformance to the operational needs of the City;

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

- C. The Contractor shall coordinate with City staff in order to assure efficient, effective, and cost effective operations, and to minimize adverse impact on City programs and services, businesses, or the general public;
- D. If and when Work is required at locations that require security clearances, the Contractor's personnel and property may be subject to search or other required security measures such as a criminal background check; and
- E. Mobilization and demobilization charges or similar charges shall not be allowed under the Contract except in emergency circumstances and prior approval of any such charges is provided in writing by the City's Purchasing Agent.

1.13 CITY OF ALEXANDRIA, ACPS, LIBRARY RESPONSIBILITIES

The City, ACPS, and Library shall have the following responsibilities:

A. Preparation

City of Alexandria, ACPS, and Alexandria Library staff shall prepare for the Contractor, in agreed-upon form, the following information:

1. Trial balance of each fund;
2. Trial balance of each subsidiary ledger;
3. Copy of the approved City budget, the original appropriation ordinance, and all amendments;
4. Copies of all contacts with governmental grantor or grantee agencies;
5. Copies of all other contracts of material amount in force at statement date; and
6. Other reasonable financial schedules requested by the Contractor and agreed to by City staff.

B. Access

1. The City, ACPS, and Library shall provide access to all supporting documentation, appropriate files, and records of the City departments.
2. The City, ACPS, and Library shall provide access to all Internal Audit Reports issued during the fiscal year.

C. Adjustments

Upon agreement between the City and the Contractor on final audit adjustments, the City shall prepare the draft financial statements. The City shall prepare and reproduce copies of the CAFR. ACPS and Library will follow the same procedures.

D. Transmittal Forms

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

The City shall prepare the required transmittal forms for the Commonwealth of Virginia's Auditor of Public Accounts.

E. Closing and Reconciliation

The City shall close its books, reconcile subsidiary ledgers to control accounts, and reconcile all bank accounts no later than September 15.

F. Furnishing Schedules and Source Documents

Administrative staff shall be available to prepare schedules, and pull or reproduce source documents for the Contractor.

G. Work Space

Working space for the Contractor and the Contractor's equipment shall be available at City and ACPS offices.

H. Furnishing Schedules and Source Documents

Administrative staff shall be available to prepare schedules and pull or reproduce source documents for the Contractor.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

PART II - INSTRUCTIONS AND OTHER INFORMATION FOR PROPOSALS

2.1 SUBMISSION DEADLINE; DELIVERY METHODS; DELIVERY INSTRUCTIONS

- A. Submission Deadline:** Sealed Proposals must be submitted to the City before **4 p.m.**, prevailing local time, **March 15, 2012**, pursuant to the delivery instructions set forth in section 2.1.C. below. **The City will not accept any Proposal received after the deadline and shall return any late Proposal to the Proposer.**
- B. Delivery Methods:** The City encourages Proposers to submit Proposals through the City's eProcure system (eProcure) at: <http://eprocure.alexandriava.gov/bsol/>. Proposers may submit a Proposal to the City by mail or hand-delivery. The City does not accept Proposals by facsimile or by electronic mail.
- C. Delivery Instructions:**
- 1. Proposals submitted electronically through eProcure:** The Proposal (including all required submittals and signed addenda) shall be submitted through eProcure pursuant to the eProcure instructions and this RFP by the deadline set forth in section 2.1.A above. In addition, the Proposer shall submit one (1) **EXACT COPY** of its Proposal (including all required submittals and signed addenda) on a Compact Disc (CD) in PDF format. The CD shall be delivered to the City at the address listed in section 2.1.C.2 below by the deadline set forth in section 2.1.A above.
 - 2. Proposal submitted by mail, common carrier or hand-delivery:** The Proposal shall be mailed or delivered, in a sealed envelope to:

City of Alexandria
Purchasing Division
100 North Pitt Street, Suite 301
Alexandria, Virginia 22314

The envelope containing the Proposal shall be marked on the front with the following legend: **"RFP Enclosed, RFP NO. 00000247, Financial Statement Audit and Internal Audit Services"**, and the name of the Proposer. The Proposer shall submit the following:

One (1) **Printed, Signed Original** of the Proposal (including all required submittals and signed addenda), marked "Original," one (1) **Exact Paper Copy** of the **Signed Original Proposal (including all required submittals and signed addenda)**, and two (2) **Exact Copies** of the **Signed Original Proposal (including all required submittals and signed addenda)** on Compact Disc (CD) in PDF format to the address above.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

2.2 GENERAL INQUIRIES RELATED TO THE CITY'S PROCUREMENT PROCESS

For general questions related to the City's procurement process, please contact the City's Purchasing Division at (703) 746-4944, or send an email to procurement@alexandriava.gov. For detailed information about the City's purchasing process, see "How to do business with the City of Alexandria, Virginia - A Guide for Vendors" available on the City's website at the following address: <http://alexandriava.gov/purchasing/info/default.aspx?id=2064>.

2.3 DEADLINE FOR QUESTIONS AND INQUIRES

It shall be the Proposer's responsibility to submit questions regarding this RFP to the Purchasing Division. In order to receive a formal response from the City, all questions must be submitted in writing and received by the City no later than **4 p.m. prevailing local time, March 5, 2012**. Questions shall be: (1) emailed to the attention of Michael Hauer: procurement@alexandriava.gov; (2) faxed to (703) 838-6493; or (3) mailed or delivered to City of Alexandria, Purchasing Division, 100 North Pitt Street, Suite 301, Alexandria, Virginia 22314. Any submission of questions related to the RFP shall include the following reference: RFP #00000247, Financial Statement Audit and Internal Audit Services, and the name of the person submitting the question(s).

2.4 METHOD OF SOURCE SELECTION

The City is using the competitive negotiation method of source selection, as authorized by the Code of the City of Alexandria, Virginia for this procurement.

An award, if made, will be made to the responsive and responsible Proposer who's Proposal falls within the competitive range and is determined to be most advantageous to the City, taking into consideration the factors set forth in this RFP.

During the review of Proposals submitted and as it deems necessary, the City may conduct discussions with responsible Proposers determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of and conformance to the solicitation requirements.

2.5 COMPLIANCE WITH THE RFP

A Proposer shall ensure that its proposal complies with all the requirements of the RFP.

A Proposal that is not in strict compliance with all provisions of the RFP may result in disqualification of the Proposal.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

2.6 AWARD; WAIVER OF INFORMALITIES, DEFECTS OR OMISSIONS IN PROPOSALS; REJECTION OF PROPOSALS

An award, if made, will be made to the responsive and responsible Proposer(s) who's Proposal(s) falls within the competitive range and is determined to be advantageous to the City, taking into consideration the factors set forth in the RFP.

It shall be the sole discretion and judgment of the Purchasing Agent to determine if a Proposal is responsive and whether an error in, or an omission of any RFP requirement from, a Proposal is material.

The City reserves the right to reject any and all Proposals.

2.7 MINIMUM CRITERIA FOR RESPONSIBILITY

The City will use the following minimum criteria to determine the responsibility of a Proposer:

- A. The Proposer must demonstrate in its Proposal and any subsequent discussions with the City that it has a clear understanding of the City's needs and proposed approach to the Work as set forth in the RFP;
- B. The Proposer must possess the ability, experience, capacity, skill, and financial resources to perform the Work and fulfill the requirements under a resulting Contract on a timely basis;
- C. The Proposer must have performed satisfactorily in previous contracts of similar size and scope with the City and/or other organizations;
- D. If the Proposer has not performed in a contract of similar size and scope, the Proposer and/or its team members must demonstrate its capability to perform the Work set forth in the RFP and fulfill the requirements under a Contract resulting from the RFP;
- E. The Proposer, its employees, and its independent contractors are properly licensed under applicable federal, state, and local laws.
- F. If applicable, the qualifications, technical experience, and availability of the personnel who will be assigned to the Contract;
- G. Cost; and
- H. Demonstrated knowledge of all federal, state, and city laws, codes, and regulations relating to or applicable to the scope of work set forth in this solicitation.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

In addition to the requirements above, a Proposer shall be prepared to submit, within five (5) business days after a request is made by the City, detailed written evidence such as proof of licensing, current commitments and any other information as may be necessary to demonstrate the Proposer's qualifications to perform the Work.

2.8 PROPOSAL EVALUATION PANEL AND EVALUATION FACTORS

- A. A panel approved by the Purchasing Agent will evaluate the Proposal(s) received by the City prior to the RFP due date. Other officials and consultants of the City also may review the Proposal(s).
- B. The Contract Specialist will attend all meetings as a non-voting liaison.
- C. The factors considered in the evaluation of Proposals are listed below. The total possible number of points for each evaluation factor is indicated in parenthesis. The City deems each of the factors to be of importance.
 - Project Plan, feasibility of implementation (30)
 - Corporate Experience (20)
 - Corporate Staff Experience (20)
 - Cost Proposal (20)
 - Reference Checks (10)

Total of (100) Possible Points

2.9 AMBIGUITY, CONFLICT OR OTHER ERRORS IN THE RFP

If a Proposer discovers any ambiguity, conflict, discrepancy, omission, or other error in the RFP, it shall immediately notify the Purchasing Agent of such error in writing and request modification or clarification of the RFP. The Purchasing Agent shall make any necessary modification or clarification to the RFP by addendum pursuant to section 2.09.

The Proposer is responsible for identifying any ambiguity, conflict, discrepancy, omission, or other error in the RFP prior to submitting a Proposal. A Proposal that includes assumed clarifications and/or corrections to the RFP without authentication by the City of the clarification and/or correction may be subject to rejection by the City.

2.10 AMENDMENTS TO THIS RFP

Any revisions to the RFP shall be made only by written addendum issued by the Purchasing Agent, which shall be made available to all prospective Proposers. All addenda to the RFP shall be available on the City's website at the following address: <http://eprocure.alexandriava.gov/bsol/>.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

2.11 PROPOSALS AND PRESENTATION COSTS

The City shall not be liable in any way for any costs incurred by any Proposer in the preparation or presentation of its Proposal in response to the RFP or the Proposer's participation in any discussion, presentation, negotiation, or any meeting regarding its Proposal or the RFP.

2.12 REQUESTS FOR CLARIFICATION OF PROPOSALS

Requests by the City for clarification of Proposals shall be in writing and shall not be limited in obtaining any and all pertinent information required to fairly evaluate each Proposer's Proposal response.

2.13 RESPONSE FORMAT

A Proposal submitted pursuant to the RFP shall include each of the following items in the order in which they appear below. Each item shall be clearly labeled, with pages numbered, and separated by tabs. Failure by a Proposer to include all listed items may result in the rejection of its Proposal by the City.

The following format and tabs serve as a guide for formatting responses to the RFP. In addition to meeting the formatting requirements of this section, a Proposer shall consider and address all requirements set forth in the RFP when submitting a Proposal in response to the RFP.

A. Title Page

The title page shall include the following information:

1. Title and number of the RFP;
2. Name, address, telephone number, and facsimile number of the Proposer;
3. Name and email address of the authorized contact person of the Proposer with respect to the Proposal; and
4. Date of preparation of the Proposal.

B. Table of Contents

The Table of Contents shall indicate the material included in the Proposal by tab and page number. The Table of Contents shall mirror the format set forth in this section and shall include all the items set forth below.

C. Tab I, Signed Offer, and Award Form (Required Submittal A)

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

The Proposer shall complete and sign the Offer and Award Form provided in Required Submittal A to this RFP. The signatory must be an individual legally authorized to bind the Proposer.

D. Tab II, Letter of Transmittal

The Proposer shall provide a signed cover letter that includes the following information:

1. An executive summary of the Proposer's understanding of the goods and/or services sought through this RFP, and description of the underlying philosophy of the Proposer in providing the goods and/or services;
2. The name, position, address, telephone number, and email address of the individuals who are authorized to make representations on behalf of the Proposer; and
3. A statement that the signatory on the transmittal letter and the Offer and Award Form is authorized to bind the Proposer to contract with the City.

E. Tab III, Corporate Experience and Capacity

The Proposer shall include information and documentation describing the extent of its experience and expertise in providing the goods and/or services sought by the City pursuant to the RFP. The information and documentation shall include, but is not limited to, the following:

1. The proposed team to be assigned to the Contract (including firms or organizations, employees of firms or organizations, and independent contractors); the organizational structure of the team; the interrelationships among the team members; and the demonstrated successful experience of the various team members in working together as a team (if some or all proposed team members have worked together before on similar contracts or projects);
2. A resume for each key personnel proposed to be assigned to the Contract in a key role whether the individual is an employee of the Proposer or an independent contractor), which shall include the relevant qualifications, education, and work experience for each individual;
3. A narrative description of the work responsibilities of all key personnel proposed to be assigned to the Contract, including the following for each individual: proposed title, weekly work schedules; whether the person is an employees of the Proposer, another firm or organization, or an independent contractors; and the estimated number of hours the individual will contribute to the Contract ;

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

4. Each firms, organization's, or independent contractor's qualifications to provide the required goods and/or services and fulfill the other requirements of any contract resulting from this RFP, including each firms, organization's, or independent contractor's ability, capacity, skill, and financial strength, and number of years of demonstrated successful experience in providing the required goods and/or services;
5. A description of ability of the proposed team to deliver quality work on time and within budget;
6. A statement from each firm or organization on the proposed team that its current commitments would not interfere with the Contract;
7. A statement on the nature and extent of any expansion that would be required for any of the firm or organization on the proposed team necessary to perform a Contract resulting from this RFP;
8. For each firm or organization on the proposed team, provide the following information: the name and the length time business has been conducted under the present name and business structure; designate whether the firm or organization is a local, regional, or national firm or organization; provide other names, if any, under which a the firm or organization has done business and, if applicable, the dates operated under each name;
9. Documentation that the Proposer, and members of the team proposed to be assigned to the Contract are properly licensed under the applicable laws of the Commonwealth of Virginia and the City of Alexandria;
10. A copy of the last two audited financial statements for the Proposer and for each firm or organization on the team proposed to be assigned to the Contract; and
11. A copy of the last two (2) years of tax returns for professionals not affiliated with a firm or corporation who are on the team proposed be assigned to the Contract.

F. Tab IV, Work Plan

The Proposer shall provide a thorough Work plan which shall include a milestone chart including tasks to be performed, time frame, and proposed staff members designated for the completion of each task. The Work plan shall include the following:

1. The Proposer understands the City's needs and other requirements set-forth in the RFP;

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

2. The Proposer's detailed plan of approach for performing the Work and fulfilling the other responsibilities and requirements of a Contract resulting from this RFP;
3. The firm date by which the Proposer will commit to complete the Work required under the RFP to the satisfaction of the City;
4. The Proposer's identification and assessment of risk and how the Proposer would propose to prevent the emergence of, or mitigate, any risk associated with a Contract resulting from the RFP; and
5. The Proposer's quality assurance plan.

G. Tab V, Client References for Similar Work Performed

1. The Proposer shall provide the following information for each contract or project of similar size and scope to the Work requested in the RFP that the Proposer performed within the past three years:
 - i. Contract/project name;
 - ii. Name of the organization for which the contract or job was performed;
 - iii. Dollar value of the contract or project;
 - iv. Dates of the contract or project; and
 - v. The name, title, telephone number, address, and email address of the contract representative for the organization for which the contract or project was performed.
2. A Proposer's failure to provide in its Proposal the contract representative's contact information may result in the Proposer being deemed non-responsive and its Proposal being disqualified from consideration.
3. A uniform sample of references may be checked for each Proposer. If references are checked, Proposers will be scored on a scale of 1-10 with 10 being the highest possible score. The scores will then be used in evaluation of the Proposal pursuant to section 2.8. Any Proposer receiving an overall score of less than six (6.0) will not be eligible for award of the Contract. The scores may be used in determining a Proposer's responsibility and eligibility for award pursuant to the RFP.
4. The City may ask a client reference any or all of the following questions;
 - i. How cooperative and easy to work with was the Proposer during the procurement process?
 - ii. How satisfied were you with the Proposer's point of contact?
 - iii. How promptly and effectively did the Proposer address your questions or concerns?
 - iv. How promptly, effectively, and efficiently did the Proposer mitigate or resolve performance or contractual issues that arose during the project?

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

- v. How would you rate the Proposer's operational and administrative practices (e.g., the timeliness, completeness, and accuracy of its invoices)?
- vi. How would you rate the number and validity of Proposer-generated change order and contract modification requests, claims, disputes, and lawsuits, if any?
- vii. How would you rate the timeliness, quality, responsiveness, and usefulness of the Proposer's delivery of goods and services in relation to your requirements?
- viii. How would you rate the timeliness, quality, responsiveness, and usefulness of the Proposer's delivery of goods and services in relation to the amount you paid the Proposer and how much time your organization contributed in time and effort to the project?
- ix. How well did the Proposer minimize the effect of its activities on the operations of your organization?
- x. Would you do business with the Proposer again in the future?

H. Tab VI, Staff Experience

The Proposer shall provide the following information as part of this Tab:

- 1. A list of key personnel proposed to be assigned to the Contract;
- 2. Resumes of all proposed key personnel and, if applicable, subcontractors who will be performing the Work under the Contract;
- 3. A narrative that describes the work responsibilities of all key personnel proposed to be assigned to the Contract, including the following for each individual: the individual's special competencies that will be valuable in performing the Work under the Contract; the individual's experience on similar contracts; the proposed title, weekly work schedules; whether the person is an employees of the Proposer, another firm or organization, or an independent contractor; and the estimated number of hours the individual will contribute to the Contract;
- 4. Copies of relevant certifications or other professional credentials for key personnel;
- 5. The names of the individuals who will be responsible for administration of the Contract and, for each of the individuals identified, a description of his or her experience with similar contracts, including public sector organizations; and
- 6. The name of the individual who will be responsible for customer service and problem resolution and a description of his or her relevant experience.

I. Tab VII, Required Submittal B Key Personnel Form

The Proposer shall provide a completed and signed Key Personnel Form.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

J. Tab VIII Required Submittal C- City of Alexandria Insurance Checklist Form

The Proposer shall provide a completed and signed City of Alexandria Insurance Checklist Form (Attachment C).

K. Tab IX, Required Submittal D-Required Proposer Information Form

The Proposer shall provide a completed Required Information Form.

L. Tab X, Required Submittal E- Certified Statement of Non-Collusion Form

The Proposer shall provide a completed and signed Certified Statement of Non-Collusion Form.

M. Tab XI, Required Submittal F-Disclosures Relating to City Officials and Employees Form

The Proposer shall provide a completed and signed Disclosures Relating to City Officials and Employees Form.

N. Tab XII, Required Submittal G-Equal Employment Opportunity Agreement Form

The Proposer shall provide a completed and signed Equal Employment Opportunity Agreement Form.

O. Tab XIII, Required Submittal H-W-9 Request for Taxpayer Identification Number and Certification Form

The Proposer shall provide a completed and signed W-9 Request for Taxpayer Identification Number and Certification Form.

P. Tab XIV, Acceptance of Conditions

The Proposer shall indicate its acceptance of the City's terms and conditions set forth in the RFP, including all addenda issued in connection with the RFP.

Q. Tab XV, Appendices

The content of this tab is left to the Proposer's discretion. However, the Proposer should limit materials included here to those that will be helpful to the City in understanding the goods and/or services proposed.

R. Tab XVI, Cost Proposal

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

The cost estimates for the City Audit shall include the Library and one (1) that separates the Library from the City and ACPS Audit.

Provide separate cost estimates for the following, to include fully burdened hourly rates for financial statement audit services, and internal audit services. For each service, prices shall include all direct and indirect costs associated with performance of the work as well as profit.

2.14 ACKNOWLEDGMENT OF INSURANCE REQUIREMENTS

The Proposer, by signing and including the "Insurance Checklist" Form in Tab VIII of its Proposal, acknowledges that it has read and understands the insurance requirements for the RFP provided in Insurance Checklist. The Proposer also acknowledges that evidence of required insurance coverage must be submitted within ten (10) Business Days following notification of its Proposal being accepted and that the City may rescind its acceptance of the Proposer's Proposal upon the failure of the Proposer to promptly provide the evidence of insurance.

2.15 VALIDITY OF PROPOSALS SUBMITTED IN RESPONSE TO THE RFP

Proposals shall remain valid for a minimum of one hundred and twenty (120) days following the RFP closing date.

2.16 EXAMINATION OF CONTRACT DOCUMENTS

It is the responsibility of each Proposer to examine thoroughly the Contract Documents and other related information set forth in the RFP before submitting a Proposal.

2.17 USE OF CONTRACT BY OTHER PUBLIC BODIES

Proposers shall be advised that any Contract resulting from this RFP may be extended, with the authorization of the Contractor, to another Public Body to permit its use of the Contract at the same prices and/or discounts and terms and conditions of the Contract. If the Contractor authorizes another Public Body to use a Contract resulting from this RFP, the Contractor shall deal directly with the Public Body concerning all issues under the Contract, including, but not limited to, the placement of orders, issuance of purchase orders, contractual disputes, invoicing, and payment. A Contractor may withdraw its authorization to extend its Contract to a Public Body. A Proposer's refusal to extend a Contract to a Public Body shall not affect the evaluation of Proposals submitted in response to this RFP.

It is the Contractor's responsibility to notify other public bodies of the availability of the Contract. A Public Body that intends to use a Contract resulting from the RFP should the Contractor make an independent determination that the use of the Contract is consistent with its applicable laws, regulations, and policies.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

A Public Body has the option of executing a separate Contract with the Contractor. A Public Body may add terms and conditions required by statute or local ordinances and regulations to the extent that they do not conflict with the Contract terms and conditions.

The City shall not be held liable for any costs or damages incurred by a Public Body as a result of any Contract extended to that a Public Body by the Contractor.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

PART III - GENERAL TERMS AND CONDITIONS FOR GOODS AND SERVICES

3.1 Applicability

The terms and conditions set forth in this Part shall apply to any Contract issued pursuant to the Request for Proposals (RFP).

3.2 THE CITY:

A. Authority of the Purchasing Agent: The Purchasing Agent is the City's contracting officer and is authorized to execute the Contract, and any Change Order issued pursuant to the Contract.

B. Authority of the Contracting Officer's Technical Representative ("COTR"): The Contract shall be administered by the COTR for the Contract, who shall be City's Director of the Department of Finance or other representative of the City designated pursuant to section 3-2.03.

C. Additional City Representative: The COTR may designate one or more additional representatives to coordinate with the Contractor and/or to inspect the Work performed by the Contractor.

3.3 THE CONTRACTOR:

A. Licensure: The Contractor shall be licensed pursuant to applicable federal, state, or local law to perform the Work required by the Contract. All persons performing services pursuant to the Contract shall be qualified to perform those services and shall hold any license or certification required by applicable federal, state, or local law.

B. Key Persons: No key person shall be replaced without the written consent of the City unless such key person becomes unavailable to perform his or her duties set forth in the Contract because of death, disability, or termination of employment, or if the key person is removed at the City's request. If a key person is unable to perform his or her duties, or is removed at the City's request, the City and the Contractor shall agree on a mutually acceptable substitute.

3.4 TERMS FOR PERFORMANCE:

A. The Work: The goods and/or services required to be delivered pursuant to the Contract shall be in strict accordance with the scope of work and other requirements provided in the Contract. All goods required to be delivered pursuant to the Contract shall be in conformance with the requirements of the Contract and shall be new and unused, unless otherwise specified. All services required to be performed under the Contract shall be performed only with persons qualified to perform those services and

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

who hold all licenses or certifications required by applicable federal, state, or local law.

- B. Time for Performance:** Time is of the essence for the Contract. The Contractor shall deliver all goods and perform all services at the time(s) and in the manner(s) specified in the Contract.
- C. Brand Name or Equal:** Unless otherwise indicated, all brand name references in the scope of work are intended to define a standard and a quality of a good or services to be provided under the Contract. Substitutions may be used with the written approval of the Purchasing Agent after the Contractor has demonstrated to the satisfaction of the Purchasing Agent that the substituted good or service is equivalent to the one specified in the Contract. Any substitution approved under this subsection shall not relieve the Contractor of the responsibility to provide goods and services in the manner and of the quality set forth in the Contract.

3.5 INSPECTION, ACCEPTANCE, AND REJECTION:

- A. Quality Assurance:** The Contractor and its subcontractors shall provide and maintain a quality assurance plan acceptable to the City covering the goods and services to be provided under the Contract and will tender to the City only those goods and that have been inspected and found to conform to the Contract Documents. The Contractor shall keep records evidencing inspections and their results, and shall make those records available to the City during Contract performance and for three years after Acceptance. The Contractor shall permit the City to review the Contractor's quality assurance procedures, practices, processes, and related documents to determine the acceptability of Contractor's quality assurance plan or other business practices related to the Contractor's performance under the Contract.
- B. Inspection by the City:** All Work shall be subject to inspection and testing by the City or its authorized representatives. The Contractor and its subcontractors shall provide all reasonable facilities for the safety and convenience of inspectors at no additional cost to the City. The Contractor shall furnish to inspectors all information and data that may be reasonably required to perform their inspection or testing.
- C. Acceptance:** All Work to be performed under the Contract shall be subject to final inspection, testing, review, and Acceptance by the City at destination, notwithstanding any payment or inspection at the source of any goods or place of performance of any services.
- D. Rejection:** The City shall give Notice of rejection of goods delivered or services performed under the Contract within a reasonable time after receipt of such goods or performance of such services. Acceptance by the City shall not waive any rights that the City might otherwise have at law or equity, or by express reservation in the

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Contract with respect to any defect or nonconformity goods delivered or services performed.

- E. No Waiver of Defects:** The failure of the COTR to discover or reject defective Work or Work not in accordance with the Contract during the progress of the Work shall not be deemed an Acceptance of the defective nonconforming Work, nor a waiver of the City's right to reject the defective or nonconforming Work and require the Contractor to perform the Work as required by the Contract. A progress payment shall not be construed to be Acceptance of defective or nonconforming Work, or a waiver of the City's right to reject the defective or nonconforming Work and require the Contractor to perform the Work as required by the Contract.
- F. Acceptance of Defective or Nonconforming Work:** The City reserves the right to accept any defective Work or Work not in compliance with the Contract and reduce the Contract Sum by an appropriate and equitable amount to account for the defect or noncompliance.

3.6 SAMPLES:

- A. Samples:** Any samples of goods required by the City for inspection and testing shall be furnished by the Contractor free of expense to the City. The samples furnished must be identical in all respects to the goods specified in the Contract.
- B. Return of Samples:** If not destroyed by testing, a sample provided to the City may be returned at the Contractor's expense to the Contractor if the Contractor requested the return of the sample at the time the sample was furnished to the City.

3.7 WARRANTY:

- A. General Warranty:** The Contractor warrants that the goods and services furnished to the City under the Contract shall conform to the requirements of the Contract (including all descriptions, specifications, and drawings made a part hereof). The Contractor expressly warrants and guarantees that the goods furnished and the services performed will be of the highest professional standards and quality. The Contractor further warrants that any goods furnished to the City shall be merchantable, fit for their intended purposes, free from all defects in materials and workmanship and, to the extent not manufactured pursuant to detailed designs furnished by the City, free from defects in design. The City's approval of any design or specifications furnished by Contractor shall not relieve the Contractor of its obligations under this warranty.
- B. Equipment Warranties:** In addition to any specific warranty required by the Contract, the Contractor warrants all Work against defects in material or workmanship for a period of one year from the date of Acceptance, unless specified otherwise. The Contractor shall secure and assign to the City all written warranties of

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

equipment or materials furnished to Contractor or its subcontractors by any manufacturer or supplier.

- C. Commencement of Warranties:** All periods of warranty and periods of manufacturers' product and/or equipment warranties shall commence on the date of Acceptance of the Work and shall extend for a minimum period of one year thereafter.
- D. Successors and Assigns:** All warranties, including special warranties specified in the Contract, shall inure to the City, its successors and assigns, customer agencies, and users of the goods or services provided pursuant to the Contract.

3.8 PACKING AND SHIPMENT:

- A. Containers:** All goods shall be packed in suitable containers for protection in shipment and storage, and in accordance with applicable specifications in the Scope of Work. Each container of a multiple container shipment shall be labeled to identify the number of the container and the total number of containers in the shipment, and the number of the container in which the packing sheet is enclosed.
- B. Packing Sheets:** All shipments of goods to the City must include packing sheets identifying the following: the City's Contract number; item number; quantity and unit of measure; part number and description of the goods shipped; and appropriate evidence of inspection, if required. Goods provided under multiple contracts shall be listed on separate packing sheets by contract.
- C. Shipments:** Shipments shall be made as specified in the Contract, unless otherwise directed in writing by the Purchasing Agent.

3.9 TRANSPORTATION COSTS AND OTHER FEES OR EXPENSES:

- A. Transportation Costs Included in Contract Sum:** Unless expressly included and itemized in the Contract, no charge for delivery, drayage, express, parcel post, packing, cartage, insurance, license fees, permits, cost of bonds, or any other costs purpose shall be paid by the City.
- B. F.O.B. Shipments:** Contractor must strictly follow Contract requirements regarding Free on Board ("FOB"), freight terms and routing instructions. The City may permit use of an alternate carrier at no additional cost to the City with advance written authorization of the COTR.
- C. Damage to goods:** On FOB Shipping Point transactions, should any goods shipped under the Contract be received by the City in a damaged condition and any related freight loss and damage claim filed against the carrier(s) be wholly or partially declined by the carrier(s) with the inference that damage was the result of the act of

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

the shipper, such as inadequate packaging or loading or some inherent defect in the goods, the Contractor, at the request of the City, shall at the Contractor's own expense assist the City in establishing carrier liability by supplying evidence that the goods was properly constructed, manufactured, packaged, and secured to withstand normal transportation conditions.

3.10 CHANGES:

- A. Change Orders:** The City may order a change in the Work consisting of an addition, deletion or modification, and such change may require the Contract Sum and Time for Performance to be adjusted accordingly. Any change in the Work shall be authorized only by Change Order.
- B. Ordering Option:** The Contractor agrees to provide additional quantities of goods in excess of the amount stated in the Contract at the same unit prices stated in the Contract for a period of 30 days after the Contract is issued. The price of any such additional quantities shall be added to the Contract Sum by Change Order.
- C. Option Periods:** If the Contract includes one (1) or more option periods, any Contract renewal shall be authorized by Purchase Order. Price increases are not automatic. The Contractor may request a price increase on each annual anniversary date of the Contract. The Contractor's written request must be submitted no later than fifteen (15) Business Days from the annual anniversary date of the Contract. Any price increases requested after the fifteen (15) day period shall not be retroactive to the Contract's annual anniversary date, but will be effective on the date of the Purchasing Agent's written approval. Any such price increase(s) shall be limited to the percentage calculated by the United States Department of Labor, Bureau of Labor Statistics, as the Consumer Price Index for All Urban Consumers ("CPI-U"), Baltimore-Washington DC-MD-VA-WV selected Area, and All Items. If there is a decrease in the Consumer Price Index for All Urban Consumers ("CPI-U"), Baltimore-Washington DC-MD-VA-WV Selected Area, All Items, at the time of the Contract's annual anniversary, the City will reduce the price(s) in the Contract by the percentage of decrease in the referenced index.

3.11 PAYMENTS TO CONTRACTOR:

- A. Payment for goods:** If the Contract requires the delivery of goods at a specified time, the Contractor shall submit its invoice for the goods, at the fixed price specified in the Contract, at or within a reasonable time after delivery. Upon Acceptance, the COTR shall approve the invoice and process it for payment.
- B. Payment for services:** If the Contract requires the Contractor to perform services, the Contractor shall submit its invoice for the services performed during the previous month on or before the 15th day of the following month. The invoice shall itemize the services performed and bill at the rates specified in the Contract. The COTR shall

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

verify that the services have been performed in accordance with the Contract, and, if appropriate, shall approve the invoice and process it for payment.

C. Progress Payments: If authorized by the Contract, the Contractor may submit requests for progress payments at such times or upon the occurrence of such events as the Contract may provide. Upon submission of the request for progress payment, the COTR shall verify the Contractor's entitlement to the progress payment under the Contract, and, if appropriate, shall approve the invoice and process it for payment.

D. Invoices: The Contractor shall submit to the COTR original invoices that describe and itemize the equipment, supplies, or services provided. If an abbreviation or jargon is used on the invoice, the Contractor shall provide a key printed directly on the invoice to explain the abbreviation or jargon. In addition, invoices shall contain, at a minimum, the following information:

1. The date of the Contract;
2. The Contract Number;
3. The unit price in accordance with the firm fixed price stated in the Contract;
4. The total extended price; and
5. The total price to the City of the goods or services provided.

E. Rejection of Invoice: The City reserves the right to determine whether an invoice is clear and properly itemized as required by section 3.11, and to reject any invoice that is not clear or properly itemized and require the Contractor to submit a new invoice in compliance with the Contract. Within 30 days after receipt of an invoice, the City shall give the Contractor Notice of any defect or impropriety of an invoice and the rejection of the invoice. The rejection of an invoice shall prevent any payment by the City on the basis of the rejected invoice.

F. City's Right to Withhold Payment: The City may withhold payment to the Contractor for the following reasons:

1. Defective Work not remedied;
2. Third-party claims filed or reasonable evidence indicating probable filing of such claims;
3. Failure of the Contractor to make payments properly to subcontractors, or for labor, materials, or equipment;
4. Reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum;
5. Damage to the City or another contractor;
6. Reasonable evidence that the Work will not be completed on or before the Time(s) for Performance;
7. Persistent failure to perform the Work in in compliance with the Contract; or

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

8. Liability, damage, or loss due to injury to persons or damages to the Work or property of other contractors, subcontractors, or Persons, caused by the act or neglect of the Contractor or any of its subcontractors.

G. Time for Payments: In accordance with Section 3-3-56 of the Code of the City of Alexandria, payments are due and payable forty-five (45) calendar days after:

1. The date of the City's receipt of goods or services; or
2. The COTR's receipt of the Contractor's valid invoice, whichever is later. Within 30 calendar days after receipt of the invoice the City shall give the Contractor Notice of any defect or impropriety, which would prevent payment by the required payment date.

3.12 TERMINATION OR SUSPENSION:

A. Non-Appropriation of Funds: The Contract shall be conditioned on appropriations made by the Council of funds sufficient for the City to make payments required by the Contract. If such an appropriation is not made, the City may terminate the Contract. Upon termination of the Contract pursuant to this subsection, the City shall not be obligated to make any payments under the Contract beyond the amount properly appropriated for payments under the Contract in the immediately prior fiscal year. The City shall provide the Contractor Notice of termination of the Contract due to the non-appropriation of funds at least fifteen (15) calendar days before the effective date of the termination. However, the City's failure to provide such Notice shall not extend the Contract into a fiscal year in which funds for payments under the Contract have not been appropriated.

B. Termination for Convenience:

1. The City shall have the right to terminate the Contract at its own convenience for any reason by giving fifteen (15) days prior Notice of termination of the Contract to the Contractor. In the event of termination pursuant to this subsection, the Contractor shall be paid an amount equal to the lesser of:
 - i. The actual cost of any Work, labor, or materials actually performed or in place and the actual cost of any labor, equipment, or materials ordered in good faith that could not be canceled, less the salvage value thereof, plus ten percent (10%); or
 - ii. The pro rata percentage of completion based upon any schedule of payments set forth in the Contract, plus the actual cost of any labor, equipment, or materials ordered in good faith that could not be canceled, less the salvage value thereof.
2. Each subcontract shall contain a similar termination provision for the benefit of the Contractor and the City. The Contractor shall not be entitled to receive anticipated profits on unperformed portions of the Work. The City shall have the right to

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

employ an independent accounting firm to verify any amounts claimed by the Contractor to be due under this subsection. The City shall have the right to audit amounts claimed by the Contractor under this subsection pursuant to the audit procedures set forth in section 3.22.

C. Termination for Default:

1. The City, by Notice to the Contractor, may terminate the Contract, in part or in whole, in any one of the following circumstances:
2. The Contractor fails to deliver the goods or perform the services within the Time(s) for Performance, and does not cure the failure within ten (10) days of receipt of Notice from the Purchasing Agent or his or her designee;
3. The Contractor fails to perform any of the other provisions of the Contract, fails to make progress so as to endanger performance of the Contract in accordance with its terms, and does not cure such failure within Ten (10) days of receipt of Notice from the Purchasing Agent or his or her designee; or
4. Without further Notice, the Contractor commits a default referenced in sections (A) or (B) of this subsection more than two times during any consecutive twelve (12) month period; whether or not the Contractor cured the earlier defaults.

In the event the City terminates the Contract, in whole or in part, pursuant to this subsection, the City may purchase from other vendors goods or services similar to those required pursuant to the Contract. The Contractor shall be liable to the City for any excess costs incurred by the City in connection with the purchase goods or service from other vendors.

- D. Force Majeure:** Except for defaults of subcontractors at any tier, the Contractor shall not be liable for any excess costs of failure to perform if the failure to perform the Contract arises from causes beyond the control and without the fault or negligence of the Contractor. Excusable causes include, but are not limited to, acts of God or of the public enemy and acts of the federal or state government in either their sovereign or contractual capacities. If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the default is beyond the control of both the Contractor and the subcontractor, and without the fault or negligence of either, the Contractor shall not be liable for any excess costs for failure to perform, unless the subcontracted goods or services were obtainable from other sources in sufficient time for the Contractor to meet the required Time(s) for Performance.

3.13 CLAIMS AND DISPUTES:

- A. No Claim Against City Officials:** The Contractor shall make no claim against any elected official, appointed official, authorized representative, or employee of the City

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

for, or on account of, anything done or omitted to be done in connection with the Contract.

- B. Claims:** Claims under the Contract shall be submitted in writing to the Purchasing Agent no more than sixty (60) days of the date of Final Payment. A claim shall be deemed to have been waived and shall not be considered by the City unless the Contractor gives Notice of an intention to file such a claim at the time of the occurrence of the event-giving rise to the claim or at the beginning of the Work upon which the claim is based. Notice of the Contractor's intention to file a claim pursuant to this subsection shall not be sufficient unless Contractor complies with each of the following:
1. The Contractor, within five Business Days after the occurrence of the event giving rise to the alleged claim or date upon which the Contractor began the Work upon which the alleged claim is based, shall deliver to the Purchasing Agent and the COTR Notice specifying that the Contractor has sustained or is sustaining injury, and detailing the basis of the alleged claim against the City; and
 2. Within twenty (20) days after delivering the Notice required by section B of this subsection, the Contractor shall deliver to the Purchasing Agent and the COTR a sworn affidavit that includes an itemized breakdown of the nature and amount of any injury or damages the Contractor has incurred or is incurring, and such itemization shall be based on all information that the Contractor knows or should know.
- D. Determination of Claim:** The Purchasing Agent or his or her designee shall make a determination of the claim within fifteen (15) days of receipt of the itemized breakdown described in subsection 3.13 B, which decision shall be the final determination of the City.
- E. Disputes:** Disputes shall be resolved in accordance with Sections 3-3-107 and 3-3-108 of the City of Alexandria Code.
- F. Exhaustion of Administrative Procedures:** The City and the Contractor agree that no claim or controversy arising under the Contract at any time during or after the performance of the Work shall be brought before any court without the claim first having been submitted to the procedures outlined in this section, and that failure to comply with such procedures for a claim under the Contract shall be deemed a waiver by the Contractor of such claim.
- G. Contractor to Continue Work During Pendency of Dispute:** Unless ordered by the City to suspend all or a portion of its performance of the Work under the Contract, the Contractor shall proceed with the performance of the Work without any interruption or delay during the pendency of any dispute resolution procedures.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

3.14 INSURANCE:

Insurance Required: Prior to the start date of the Work under the Contract, the Contractor shall furnish to the Purchasing Agent a certificate(s) of insurance evidencing that the Contractor has obtained, at its own expense, all insurance coverage required by the City of Alexandria, Virginia, Insurance Checklist. The certificate(s) of insurance shall list the City of Alexandria as an additional insured in the amounts and types of insurance required.

3.15 INDEMNITY:

The Contractor hereby assumes all liability for and agrees to indemnify and hold harmless the City and its officers, authorized representatives, and employees against any and all claims, losses, costs, damages, penalties, liabilities and fees (including reasonable attorneys' fees) and expenses resulting from any material breach of the representations, warranties and covenants of the Contractor contained in the Contract or from any injuries to persons or property caused by the negligence or alleged negligence of the Contractor or its employees, authorized representatives, subcontractors, or in any other manner arising out of the Contractor's performance of the Contract.

3.16 EQUAL EMPLOYMENT OPPORTUNITY:

The City is committed to increasing the opportunity for utilization of small, minority and women-owned business in all aspects of procurement and has adopted a SMBE program for increasing participation of small, minority and women owned business. This policy is set forth in Sections 3-3-111 and 12-4-6 of the Alexandria City Code. The City reserves the right to make multiple awards if the Purchasing Agent determines that multiple awards are in the best interest of the City and its SMBE program.

A. Discrimination Prohibited: Not to discriminate against any employee or applicant for employment on account of race, color, sex, religion, ancestry, national origin, marital status, age, sexual orientation, disability, when such person is a qualified person with a disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

B. Affirmative Action: To implement an affirmative action employment program as defined in Section 12-4-3 of the Code of the City of Alexandria to ensure nondiscrimination in employment under guidelines to be developed by the Human Rights Commission of the City of Alexandria and approved by the City Council of the City of Alexandria.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

- C. EOE Statement:** To include in all solicitations or advertisements for employees placed by or on behalf of the Contractor the words "Equal Opportunity Employer" or a symbol, approved by the commission, meaning same.
- D. Notice to Labor Unions:** To notify each labor organization or representative of employees with which the Contractor is bound by a collective bargaining agreement or other contract of the Contractor's obligations pursuant to this equal employment opportunity clause.
- E. Reports to the City:** To submit to the City Manager and the City's Human Rights Administrator, upon request, no more frequently than annually, regular equal employment opportunity reports on a form to be prescribed by the City's Human Rights Administrator with the approval of the City Manager, except that the administrator may request more frequent special reports of particular employers provided the commission has found such employers to have violated any provision of Chapter 4, of Title 12 of the Code of the City of Alexandria.
- F. Compliance with Federal Requirements Sufficient:** Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this Paragraph.
- G. Accommodation of Disabled Workers:** To make reasonable accommodation to the known physical or mental limitations of an otherwise qualified person with a disability who is an applicant or employee unless the Contractor can demonstrate that the accommodation would impose an undue hardship on the operation of its business.
- H. Reasonable Accommodations:** That for the purpose of this paragraph reasonable accommodation may include (i) making facilities used by employees readily accessible to and usable by persons with a disability and (ii) job restructuring, part-time or modified work schedules, acquisitions or modification of equipment or devices, the provision of readers or interpreters and other similar actions.
- I. Undue Hardship:** That in determining whether an accommodation would impose an undue hardship on the operation of the Contractor's business, factors to be considered include but are not limited to the following:
1. The overall size of the Contractor's business with respect to the number of employees, the number and type of facilities, and size of budget;
 2. The type of the Contractor's operation, including the composition and structure of the Contractor's work force; and
 3. The nature and cost of the accommodation needed.
- J. Refusal to Employ:** That it may not deny any employment opportunity to a qualified person with a disability who is an employee or applicant if the basis for the denial is

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

the need to make reasonable accommodation to the physical or mental limitations of the employee or applicant.

- K. Subcontracts:** To include the provisions in Paragraphs 16.01 through 16.10 of this Article in every subcontract so that such provisions will be binding upon each subcontractor.
- L. Non-compliance:** That in the event of the Contractor's noncompliance with any provision of this Equal Employment Opportunity clause, upon a finding of such noncompliance by the City's Human Rights Commission and certification of such finding by the City Manager, the City Council of the City of Alexandria may terminate or suspend or not renew, in whole or in part, this Contract.

The provisions set forth in Article IV of the Virginia Public Procurement Act, entitled "Ethics in Public Contracting," Va. Code §§ 2.2-4367 et seq., the State and Local Government Conflict of Interest Act, Va. Code §§ 2.2-3100, et seq., the Virginia Governmental Frauds Act, Va. Code §§ 18.2-498.1 et seq., Articles 2 and 3 of Chapter 10, Title 18.2 of the Code of Virginia, and Article I of Chapter 3, Title 3 of the Alexandria City Code, all as the same may be amended from time to time, are incorporated herein by reference. The Contractor shall incorporate the above clause in its contracts with each subcontractor.

3.17 SMALL AND MINORITY AND WOMEN-OWNED BUSINESS OUTREACH:

The City is committed to increasing the opportunity for utilization of small, minority and women-owned business in all aspects of procurement and has adopted a SMBE program for increasing participation of small, minority and women owned business. This policy is set forth in Sections 3-3-111 and 12-4-6 of the Alexandria City Code. The City reserves the right to make multiple awards if the Purchasing Agent determines that multiple awards are in the best interest of the City and its SMBE program.

3.18 ETHICS IN PUBLIC CONTRACTING:

The provisions set forth in Article IV of the Virginia Public Procurement Act, entitled "Ethics in Public Contracting," Va. Code §§ 2.2-4367 et seq., the State and Local Government Conflict of Interest Act, Va. Code §§ 2.2-3100, et seq., the Virginia Governmental Frauds Act, Va. Code §§ 18.2-498.1 et seq., Articles 2 and 3 of Chapter 10, Title 18.2 of the Code of Virginia, and Article I of Chapter 3, Title 3 of the Alexandria City Code, all as the same may be amended from time to time, are incorporated herein by reference. The Contractor shall incorporate the above clause in its contracts with each subcontractor.

3.19 DRUG-FREE WORKPLACE:

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

- A. Drug-Free Workplace:** During the performance of the Contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.
- B. Definition:** For the purposes of this section, "drug-free workplace" means a site for the performance of Work done in connection with the Contract where employees are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance during the performance of the Contract.

3.20 NOTICE:

- A. Written Notice:** Any Notice required by the Contract shall be in Writing.
- B. Notice to Contractor:** Notice shall be served on the Contractor by mail, courier, facsimile transmission, or electronic mail to the Contractor's office at a site where Work is being performed, or to the business address of the Contractor as stated in the Contract.
- C. Notice to City:** Notice shall be served on the City by mail, courier, facsimile transmission, or electronic mail to the COTR, with a copy to the Purchasing Agent. No Notice to the City shall be effective unless a copy is delivered to the Purchasing Agent in accordance with the terms of the Contract.

3.21 AUDIT:

All records, reports and documents relating to the Contract shall be maintained by the Contractor for a period of three (3) years following Final Payment. Such records, reports and documents shall be subject to review, inspection, and audit by the City and the City's representatives, consultants, or auditors at mutually convenient times.

3.22 PRICE ADJUSTMENT FOR DEFECTIVE COST AND PRICING DATA:

If any price, including profit or fee, negotiated in connection with the Contract or any Change Order under the Contract was increased by any significant amount because the Contractor furnished pricing data that were not complete, accurate or current as of the

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

date of the Contract or Change Order, the City shall have the right to reduce the price accordingly, and modify the Contract to reflect the reduction.

3.23 SERVICE CONTRACT WAGES:

- A. Living Wage:** If applicable, the Contractor shall comply with provisions of Section 3-3-31.1 of the Alexandria City Code during the performance of the Contract. During the initial term of the Contract, all Contractor employees working on City-owned or City-controlled property shall be paid an hourly wage no less than the Living Wage published on the City's website at the time of Contract execution.
- B. Required Reporting:** Ten (10) days after the end of a quarter (January-March, April- June, July-August and/or September-December), the Contractor shall submit, on a form acceptable to the Purchasing Agent, the name, position, current wage rate, and wage rate upon renewal, of each employee who will be subject to the Living Wage requirements of this section, and the change in total direct labor costs as a result of the Living Wage requirements of this section. The Contract shall not be renewed until this information is submitted and approved by the Purchasing Agent. The cost of any increase in wages, together with applicable labor burdens, shall be added to the Contract Sum, in addition to any increase otherwise allowed pursuant to section 3.10C.
- C. Option Periods:** For each option period for which the Contract is renewed, the Contractor's employees' wages shall be adjusted to correspond to the Living Wage rate posted on the City's web site as of the date of the Change Order authorizing the option period. Prior to renewal, the Contractor shall submit, on a form acceptable to the Purchasing Agent, the names of all employees who will be affected by the Living Wage requirements of this Article, their positions, their wage rates prior to the renewal date, their wage rates in conformance with the Living Wage at renewal, and the change in total direct labor costs as a result of the Living Wage changes. No Contract shall be renewed until this information is submitted and approved by the Purchasing Agent. The cost of any such increase in wages, together with applicable labor burdens shall be added to the Contract Sum, in addition to any increase otherwise allowed pursuant to Section 3.10.C.
- D. Complaints by Aggrieved Employees:** Within six (6) months of the Contractor's failure to comply with the Living Wage requirements of this section, an aggrieved employee may file a complaint with the Purchasing Agent. If the Purchasing Agent determines that, the Contractor paid the employee a wage rate, less than that required by the Contract, the Contractor shall be liable to the employee for the unpaid wage, plus interest at the judgment rate. The Contractor shall not discharge, reduce the compensation of, or otherwise retaliate against any employee who files a complaint with the Purchasing Agent, or takes any other action to enforce the requirements of this section.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

E. Additional Requirements: At all times during the term of the Contract, the Contractor shall:

1. Post the current Living Wage rate notice in English and Spanish, as authorized by the Purchasing Agency, in a prominent place at its offices and each location where its employees perform services under the Contract;
2. Provide, within five (5) days of an employees' request, a written copy of the Living Wage notice of the current Living Wage rate;
3. Include the provisions of this section in all subcontracts for Work to be performed by subcontractors on City-owned or City-occupied property, so that provisions of this section are binding those subcontractors;
4. Comply with all applicable federal, state and City laws, rules and regulations, including, but not limited to the U.S. Fair Labor Standards Act of 1938, as amended, the U.S. Occupational Safety and Health Act of 1970, as amended, the U.S. Employee Retirement Income Security Act, as amended, and Chapter 3 of Title 40.1 of the Code of Virginia, 1950, as amended (for the purposes of the Contract, the annual schedule of City holidays published by the City Manager's Office shall be used); and
5. Submit, within five (5) Business Days of the end of each period, quarterly and annual payroll reports in a form approved by the Purchasing Agent, which shall include the hourly wage rates, wages and benefits provided by the Contractor and its subcontractors to each employee assigned to perform services under the Contract, and copies of at least four (4) payroll reports for each quarter, and two (2) copies of a payroll check for each employee working during the quarter.

F. Contractor Record Keeping: The Contractor shall keep and preserve records which show wages and benefits provided to each employee assigned to perform services under the Contract for a period of three (3) years after the expiration, or earlier termination, of the Contract. The Contractor shall permit the Purchasing Agent, or authorized representative, to examine, and make copies of, such records at reasonable times and without unreasonable interference with the business of the Contractor.

G. Violations: Violation of any law, rule, regulation, or provision of this section, as determined by the Purchasing Agent, shall be grounds for termination of the Contract and debarment of the Contractor.

3.24 STATE CORPORATION COMMISSION REQUIREMENT:

If the Contractor is organized as a stock or non-stock corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership, the Contractor shall be authorized to transact business in the

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Commonwealth of Virginia as a domestic or foreign business entity if so required by Title 13.1 or Title 50 of the Virginia Code or as otherwise required by law.

3.25 COMPLIANCE WITH THE IMMIGRATION REFORM AND CONTROL ACT OF 1986:

Unauthorized Aliens: During the performance of any Work under the Contract, the Contractor shall not knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

3.26 PAYMENT OBLIGATIONS:

A. Payment Requirements: The Contractor shall take one (1) of the two (2) following actions within seven (7) calendar days after receipt of amounts paid to the Contractor by the City for Work performed by a subcontractor under the Contract:

1. Pay the subcontractor for the proportionate share of the total payment received from the City attributable to the Work performed by the subcontractor under the Contract; or
2. Notify the City and subcontractor, in writing, of the Contractor's intention to withhold all or a part of the subcontractor's payment with the reason(s) for nonpayment.

B. Payment Information: The Contractor shall provide its social security number to the City if the Contactor is an individual. The Contractor shall provide its federal employer identification number to the City if the Contactor is a proprietorship, partnership, or corporation.

C. Interest Requirement: The Contractor shall pay interest to a subcontractor on all amounts owed by the Contractor that remain unpaid after seven (7) calendar days following receipt by the Contractor of payment from the City for Work performed by the subcontractor under the Contract, except for amounts withheld as allowed in section 3.24A. Unless otherwise provided under the terms of the Contract, interest shall accrue at the rate of one percent (1%) per month.

D. Subcontracts: The Contractor shall include the provisions in sections 3.24A through 3.24C in every subcontract so that such provisions will be binding upon each subcontractor requiring each subcontractor to include or otherwise be subject to the same payment and interest requirements with respect to each lower-tier subcontractor.

E. City Not Obligated to Pay Interest: A Contractor's obligation to pay an interest charge to a subcontractor pursuant to the payment clauses in this section shall not be construed to be an obligation of the City. A Contract modification shall not be made for the purpose of providing reimbursement for the required interest charge. A cost

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

reimbursement claim shall not include any amount for reimbursement the required interest charge.

3.27 MISCELLANEOUS PROVISIONS:

- A. Governing Law:** The Contract is governed by the applicable provisions of the Alexandria City Code and the laws of the Commonwealth of Virginia.
- B. Successors, Assigns and Legal Representatives:** The Contract shall not be assigned, sublet or transferred, in whole or in part, by operation of law or otherwise, by either of the parties hereto except with the prior written consent of the other. Unless specifically stated to the contrary in any written consent to an assignment, no assignment shall operate to release or discharge the assignor from any duty or responsibility under the Contract.
- C. Entire Agreement:** The Contract constitutes the entire agreement among the parties pertaining to the Work and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.
- D. Royalties and Patents:** The Contract Sum includes all royalties and costs arising from patents, trademarks, and copyrights in any way involved in the Work. Whenever the Contractor is required or desires to use any design, device, material or process covered by letters of patent or copyright, the Contractor shall indemnify and save harmless the City, its officers, agents and employees from any and all claims for infringement by reason of the use of any such patented design, device, tool, material, equipment, or process to be performed under the Contract, and shall indemnify the City, its officers, agents, authorized representatives, and employees for any costs, expenses and damages which may be incurred by reason of any such infringement at any time during the prosecution and after the completion of the Work.
- E. Severability:** Should any provision of the Contract be declared invalid for any reason, such decision shall not affect the validity of any other provisions, which other provisions shall remain in force and effect as if the Contract had been executed with the invalid provisions(s) eliminated, and it is hereby declared the intention of the parties that they would have executed the other provisions of the Contract without including therein such provision(s) which may for any reason hereafter be declared invalid.
- F. Survival:** Any provision of the Contract which contemplates performance subsequent to any termination or expiration of the Contract, including, without limitation, the provisions of section 3.7 (Warranty); 3.13 (Claims and Disputes); 3.16 (Indemnity), and 3.22 (Audit and Price Adjustment), shall survive any termination or expiration of the Contract and shall remain in full force and effect according to their terms.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

G. Non-Waiver: The failure of Contractor or the City to exercise any right, power or option arising under the Contract, or to insist upon strict compliance with the terms of the Contract, shall not constitute a waiver of the terms and conditions of the Contract with respect to any other or subsequent breach thereof, nor a waiver by Contractor or City of their rights at any time thereafter to require exact and strict compliance with all the terms thereof.

H. Headings: Numbered topical headings, articles, sections, subsections or titles in the Contract are inserted for the convenience of organization and reference and are not intended to affect the interpretation or construction of the terms thereof.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL - ATTACHMENT A - OFFER AND AWARD
FORM**

NAME OF PROPOSER: _____
ADDRESS: _____
TELEPHONE NUMBER: (____) _____
FAX NUMBER: (____) _____
FEDERAL EMPLOYMENT IDENTIFICATION NO. _____
BUSINESS LICENSE NO. _____
VIRGINIA CONTRACTOR'S REGISTRATION NO. _____

THIS OFFER AND AWARD FORM SHALL BE SIGNED for and in consideration of the payment of the Contract Sum, as set forth in the Proposal. The Proposer offers to perform the Work set forth in Request for Proposals No. 00000247, together with any addenda, in accordance with the Proposer's Proposal as modified by further negotiations.

By signing this document, the Proposer agrees that, if its Proposal is accepted for the consideration mentioned, it will at its own expense do all of the Work and furnish all the materials, equipment and labor necessary to carry out this Contract within the time specified in the Request for Proposals pursuant to the Contract Documents identified as:

X	DESCRIPTION
X	Scope of Work
X	Instructions For Proposals
X	General Terms and Conditions
X	Addenda
X	Attachments - Submittals

Proposer's Authorized Signatory

Date

Name and Title of Authorized Signatory

Accepted by the City of Alexandria, Virginia,

Eleanor Foddrell, Purchasing Agent

This ____ day of _____, 2011.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

PART IV, REQUIRED SUBMITTAL - ATTACHMENT B - KEY PERSONNEL

KEY PERSONNEL: In the spaces provided below, Proposers shall identify a minimum of two (2) key persons who would be assigned to provide contract administration. One of these two (2) individuals shall be available during normal business hours.

KEY PERSON NAME:

TITLE:

LIST QUALIFICATIONS AND EXPERIENCE:

KEY PERSON NAME:

TITLE:

LIST QUALIFICATIONS AND EXPERIENCE:

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL - ATTACHMENT C
CITY OF ALEXANDRIA INSURANCE CHECKLIST**

I understand the Insurance Requirements and will submit a Certificate of Insurance to the City, if awarded the Contract in the amount and type as set forth below. See continuation sheets for explanation. Items marked "X" are required to be provided by Proposer, if contract award is made to your firm.

		REQUIRED COVERAGES	LIMITS (figures denote minimum limits required)
X	1.	Worker's Compensation and Employer's Liability Required when Contractor has three (3) or more employees.	Statutory limits of Commonwealth of Virginia and the state of hire for workers' compensation. \$500,000 each accident; \$500,000 each disease; \$500,000 policy limit for employer's liability. USL&H and Jones Act coverage endorsements needed for work along and on the river.
X	2.	Commercial General Liability Required on all City contracts.	\$1,000,000 combined single limit for bodily injury and property damage each occurrence. \$2,000,000 General Aggregate, \$2,000,000 Products and Completed Operations Aggregate, \$1,000,000 Personal injury and Advertising injury Aggregate. The General Aggregate should apply on a "per project" basis, if construction related. General Liability coverage should include: Premises/Operations, Independent Contractors, Contractual Liability, and Explosion, Collapse, and Underground damage (any type of construction work.) Products and Completed Operations coverage should be maintained for at least three years after the City's final acceptance of the work.
X	3.	Automobile Liability Required on all City contracts. Sole proprietor contractors must provide evidence of business endorsement on their personal auto policy in lieu of a commercial auto liability policy.	\$1,000,000 combined single limit bodily injury and property damage each accident; \$1,000,000 Uninsured and Underinsured Motorists. Must include the following: Owned, Hired and Non-Owned. \$5,000,000 Motor Carrier Act Endorsement, where applicable.
X	4.	Property Coverage Required when Contractors: A. Uses their own personal property or equipment on City property and/or	Commercial Property Policy/Builders Risk: Provide replacement cost. Should include all perils (also known as "special" or "all risks")

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

		B. Stores or leaves equipment or personal property on City Property; and/or C. Uses materials for building NOT owned by City until installed.	including theft, flood, earthquake and terrorism. Contractor's Equipment Floater: Provide coverage for Contractor's mobile equipment, including road building machinery, steam shovels, hoists, and derricks or any equipment to become part of the permanent structure used on the job by builders of structures, roads, bridges and tunnels.
X	5.	Crime Policy <u>Required when Contractor:</u> A. Collects money, securities or other property on behalf of City, and/or B. Requires the use of City money, securities, or negotiable property to be in Contractor's care, custody and control and/or C. Has access to computer systems that could involve extortion, theft of monies or securities or other negotiable property.	\$1,000,000 limit for employee theft of money, securities and other property owned by the contractor. An endorsement should also be added to the policy to cover theft of the City's money, securities, or other property (third party coverage).
X	6.	Professional Liability/Errors & Omissions <u>Required when:</u> A. Contractor must maintain a license or special degree. B. services require high level of expertise or knowledge in a particular field to require certification or licensing. C. Law enforcement, contractors A and B services (above) typically include engineering and design services, architects, attorneys, physicians, insurance brokers and agents etc., as well as when access to any private information, electronic data or equipment owned by the City is part of the work.	\$2,000,000 each claim and aggregate. C. Where applicable \$10M Law Enforcement contractors. Coverage may be provided in the General Liability policy in some cases. (E.g. wrongful detention or arrest, etc.).
X	7.	Excess Liability/Umbrella	\$10,000,000 Per Occurrence and Aggregate for bodily injury, property damage, personal and advertising injury and products and completed operations. Limits should include an aggregate per project for construction projects. Higher limits may be required in some cases.
	8.	Garage Liability Required when the contractor takes possession of the City's owned vehicles including buses in order to repair.	\$1,000,000 bodily injury and property damage each occurrence/accident.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

X	9.	City of Alexandria must be named as an additional insured on all insurance policies other than Worker's Compensation and Professional Liability and must be stated on the certificate(s) of insurance (or the certified policy, if required.) The contractor's insurance will be primary and the City's insurance or self-insurance shall be non-contributory. The Contractor should waive and require their insurers to waive by endorsement subrogation rights against the City for losses and damages incurred under the insurance policies required by the agreement. No work should be performed by contractors or subcontractors until a certificate of insurance has been submitted and approved by City to insure compliance with all insurance requirements.
	10.	Pollution Liability Coverage should be included with a \$1,000,000 limit for each occurrence, claim or pollution incident. This coverage is required of all contractors performing any type of hazardous material remediation, working with pollutants including asbestos and lead abatement, or performing underground work. Higher limits may be required in some circumstances.
X	11.	Thirty (30) day notice of cancellation, non-renewal, material change or coverage reduction is required on all policies.
X	12.	Best's Guide rating: "A-" VIII or better, or its equivalent. The insurance companies should be lawfully authorized to do business in the Commonwealth of Virginia.
X	13.	The Certificate(s) of Insurance shall state the RFP/ITB/RFQ/RFI Number and Title.

Company Name

Proposer's Authorized Signatory

Date

Name and Title of Authorized Signatory

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

ATTACHMENT C - FORM "A" INSURANCE (continuation sheet)

(Review this section carefully with your insurance agent prior to Proposal submission. See "Insurance Checklist" for specific coverage requirements applicable to the Contract).

I. General Insurance Requirements:

1. The successful Proposer shall not start work under the Contract until the successful Proposer has obtained at his/her own expense all of the insurance required under the Contract and such insurance has been approved by the City of Alexandria (City); nor shall the successful Proposer allow any subcontractor to start work on any subcontract until all insurance required of the subcontractor has been obtained and approved by the successful Proposer. Approval of insurance required of the successful Proposer and subcontractors for the City will be granted only after submission to the Purchasing Agent of original, signed certificates of insurance or, alternately, at the City's request, certified copies of the required insurance policies.
2. The successful Proposer shall require all subcontractors to maintain during the term of this agreement, Commercial General Liability insurance, Business Automobile Liability insurance, Workers' Compensation and Employers' Liability insurance and other insurance coverages as indicated in PART IV Attachment C, in the same manner as specified for the successful Proposer. Upon request, the successful Proposer shall furnish immediately subcontractors' certificates of insurance to the City.
3. All insurance policies required under the Contract shall include the following provision: Thirty (30) day notice of cancellation, non-renewal, material change or coverage reduction is required on all policies.
4. No acceptance and/or approval of any insurance by the City shall be construed as relieving or excusing the successful Proposer, or the surety, or its bond, from any liability or obligation imposed upon either or both of them by the provisions of the Contract Documents.
5. The City of Alexandria (including its officers, agents and employees) is to be listed as an additional insured on all insurance policies except Workers' Compensation and Professional Liability, which must be stated on the certificate(s) of insurance or the certified policy, if requested. Coverage afforded under this section shall be primary with respect to the City, its officers, agents and employees. The contractor's insurance will be primary and the City's insurance or self-insurance shall be non-contributory.
6. The successful Proposer/ shall provide insurance as specified in the "City of Alexandria, Virginia Insurance Checklist" Part IV Attachment C.
7. The successful Proposer covenants to save, defend, keep harmless and indemnify the City and all of its officers, agents and employees (collectively the "City") from and against any and all claims, lawsuits, liabilities, loss, damage, injury, costs (including litigation costs and attorney's fees), charges, liability or exposure, however caused, resulting from or arising out of or in any way connected with the successful Proposer's performance or nonperformance of the terms of the Contract Documents or its obligations under the Contract. This indemnification shall continue in full force and effect until the successful Proposer completes all of the Work required under the Contract, except that indemnification shall continue for all claims involving products or

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

completed operations after final acceptance of the Work by the City for which the City gives notice to the successful Proposer after the City's final acceptance of the Work.

8. The successful Proposer shall be responsible for the Work performed under the Contract Documents and every part thereof, and for all materials, tools, equipment, appliances, and property used in connection with the Contract. The successful Proposer assumes all risks for direct and indirect damage or injury to the property or persons used or employed on or in connection with the Work contracted for, and of all damage or injury to any person or property wherever located, resulting from any action, omission, commission or operation under the Contract, or in connection in any way whatsoever with the contracted work.
9. Insurance coverage required in these specifications shall be in force throughout the Contract term. Should the successful Proposer fail to provide acceptable evidence of current insurance within seven days of written notice at any time during the Contract term, the City shall have the absolute right to terminate the Contract without any further obligation to the successful Proposer, and successful Proposer shall be liable to the City for the entire additional cost of procuring performance and the cost of performance of the uncompleted portion of the Contract at the time of termination.
10. Contractual and other liability insurance provided under the Contract shall not contain a supervision, inspection or engineering services exclusion that would preclude the City from supervising or inspecting the project. The successful Proposer shall assume all on-the-job responsibilities as to the control of persons directly employed by it and of the subcontractors and any persons employed by the subcontractor.
11. Nothing contained in the specifications shall be construed as creating any contractual relationship between any subcontractor and the City. The successful Proposer shall be fully responsible to the City for the acts and omissions of the subcontractors and of persons employed by them as it is for the acts, commissions and omissions of persons directly employed by it.
12. Precaution shall be exercised by the successful Proposer at all times for the protection of persons, (including employees) and property. All existing structures, utilities, roads, services, trees, and shrubbery shall be protected against damage or interruption of service at all times by the successful Proposer and its subcontractors. The successful Proposer/shall be held responsible for any damage to persons (including employees) and property occurring by reason of its operation on the property.
13. If the successful Proposer does not meet the insurance requirements of the specifications, alternate insurance coverage, satisfactory to the City's Purchasing Agent, may be considered. Written request for consideration of alternate coverage shall be received by the City's Purchasing Agent at least (10) ten working days prior to the date set for opening the Proposals. If the City denies the request for alternate coverage, the specified coverage will be required to be submitted. If the City permits alternate coverage, an amendment to the insurance requirements will be prepared and distributed prior to the time and date set for Proposal openings.
14. All required insurance coverage shall be acquired from insurers authorized to do business in the Commonwealth of Virginia and acceptable to the City. The insurers shall have a policyholders' rating of "A-" or better, and a financial size of "Class VIII" or better in the latest edition of Best's Insurance Reports, unless the City grants specific approval for an exemption, in the same manner as described in section 13 above.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

15. The City will consider deductible amounts as part of its review of the financial stability of the Proposer any deductibles shall be disclosed in the Proposal, and all deductibles will be assumed by the successful Proposer.

II. Successful Proposer's Liability Insurance - "Occurrence" Basis:

1. The successful Proposer shall purchase and maintain in a company or companies authorized to do business in the Commonwealth of Virginia, and acceptable to the City such insurance as will protect the successful Proposer and the City from claims set forth below which many arise out of or result from the successful Proposer operations under the Contract, whether such operations are by the successful Proposer or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:
- A. Claims under Workers' Compensation, disability benefits and other similar employee benefit acts;
 - B. Claims for damages because of bodily injury, occupational sickness or disease, or death of successful Proposer's employees.
 - C. Claims for damages because of bodily injury, sickness or disease, or death of any person other than successful Proposer's employees.
 - D. Claims for damages insured by usual Personal Injury Liability coverage which are sustained by any person as a result of an offense directly or indirectly related to the employment of such person by the successful Proposer, or by any other person;
 - E. Claims for damages, other than to the Work itself (but only to the extent of coverage under any Builders' Risk or other property form, if applicable) because of injury to or destruction of tangible property, including loss of use resulting there from;
 - F. Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance of use of any owned, hired, or non-owned motor vehicle;
2. The specific insurance policies required to cover the claims listed above in subsection II. 1 shall include terms and provisions, and be written for not less than the limits of liability, (or greater limits if required by law or contract) as shown on the "City of Alexandria, Virginia Insurance Checklist" contained in the Request for Proposals documents.
- A. Commercial General Liability - Such Commercial General Liability policy shall include any or all of the following as dictated on the "City of Alexandria, Virginia Insurance Checklist":
 - i. Premises/Operations;
 - ii. Actions of Independent Contractors;
 - iii. Products/Completed Operations to be maintained for three years after completion of the Work;
 - iv. Contractual liability including protection for the successful Proposer/ from claims arising out of liability assumed under the Contract, and including Automobile Contractual Liability;
 - v. Personal Injury and Advertising Injury Liability
 - vi. Explosion, Collapse or Underground hazards;

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

3. Commercial Automobile Liability including Uninsured Motorist's and Underinsured Motorists coverage.
4. Workers' Compensation - statutory benefits as required by Virginia law or the U.S. Longshoremen's and Harbor Workers' Compensation Act, or other laws as required by labor union agreements, including standard Other States coverage; and Employers' Liability coverage.

III. Commercial General or other required Liability Insurance - "Claims Made" Basis

1. If Commercial General or other liability insurance purchased by the successful Proposer has been issued on a "claims made" basis, the successful Proposer shall comply with the following additional conditions. The limits of liability and the extensions to be included as described in the "City of Alexandria, Virginia Insurance Checklist" remain the same. However, the successful Proposer shall either:
 - (a) Agree to provide the certificates of insurance evidencing the above coverage for a period of three years after final payment for the Contract. This certificate shall evidence a retroactive date, no later than the beginning of the successful Proposer or subcontractors Work under the Contract; or
 - (b) Purchase a three year extended reporting period endorsement for the policy or policies in force during the term of the Contract as evidence of the purchase of this extended reporting period endorsement by means of a certificate of insurance or a certified copy of the endorsement itself.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL - ATTACHMENT D
REQUIRED INFORMATION FORM**

Each Proposer submitting a response to this Request for Proposals shall provide the following information:

- | | | | |
|----|------------------------|----------------|----------------------------|
| 1. | Minority Business Firm | Yes [] No [] | Partnership Yes [] No [] |
| | Small Business Firm | Yes [] No [] | Corporation Yes [] No [] |
| | Sole Proprietorship | Yes [] No [] | |

2. Sole proprietorships and partnerships shall provide the following information:

Name _____
Address _____
City _____
State and Zip Code _____

Partnerships shall provide this information for all partners.

3. If the Proposer is a corporation, please provide the following:

State of Incorporation _____
Charter number of the Virginia Certificate of Incorporation Authority _____ Date
of Incorporation _____

Foreign corporations desiring to transact business in the Commonwealth of Virginia shall register with the State Corporation Commission in accordance with Section 13.1-757 of the Code of the Commonwealth of Virginia, as amended.

4. Each corporation shall provide the names of the following officers:

President _____

Vice-President _____

Secretary _____

Treasurer _____

Registered Agent _____

COMPANY NAME

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL -ATTACHMENT E
CERTIFIED STATEMENT OF NON-COLLUSION**

A. This is to certify that the undersigned is seeking, offering or agreeing to transact business or commerce with the City of Alexandria, a municipal corporation of Virginia, or seeking, offering or agreeing to receive any portion of the public funds or moneys, and that the offer or agreement or any claim resulting therefrom is not the result of, or affected by, any act of collusion with another person engaged in the same line of business or commerce; or any act of fraud punishable under Article 1.1 (Virginia Governmental Frauds Act), Chapter 12 (Miscellaneous), Title 18.2 (Crimes and Offenses Generally) of the Code of Virginia (1950), as amended.

B. This is to further certify that the undersigned has read and understands the following:

- (1) The City is authorized by Section 18.2-498.4 of the Code of Virginia (1950) as amended, to require this certified statement. That section also provides that any person required to submit this statement that knowingly makes a false statement shall be guilty of a Class 6 felony.
- (2) Section 18.2-498.3 of the Code of Virginia (1950), as amended, provides that any person, in any commercial dealing in any matter within the jurisdiction of any local government or any department or agency thereof, who knowingly falsifies, conceals, misleads, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be guilty of a Class 6 felony.
- (3) Section 59.1-68.7 of the Code of Virginia (1950), as amended, provides that any combination, conspiracy or agreement to intentionally rig, alter or otherwise manipulate, or to cause to be rigged, altered or otherwise manipulated, any Proposal submitted to any governmental unit for the purpose of allocating purchases or sales to or among persons, raising or otherwise fixing the prices of goods or services, or excluding other persons from dealing with the state or any other governmental unit shall be unlawful. Any person violating the foregoing shall be guilty of a Class 6 felony.

SIGNATURE _____

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL - ATTACHMENT F
DISCLOSURES RELATING TO CITY OFFICIALS AND EMPLOYEES**

A. I hereby state that, as of this date (check one):

- () Our firm has **no reason** to believe that any member of the City Council, any official or employee of the City, or any member of any commission, committee, board or corporation controlled or appointed by the City Council has already received, in connection with or related in any way to the Contract, or has been promised, in the event the Contract is awarded to the firm, any commission, finder's fee or other thing of value.

- () Our firm has **reason** to believe that any member of the City Council, any official or employee of the City, or any member of any commission, committee, board or corporation controlled or appointed by the City Council has already received, in connection with or related in any way to the Contract, or has been promised, in the event the Contract is awarded to the firm, any commission, finder's fee or other thing of value.

B. I hereby state that, as of this date:

- () Our firm has **no reason** to believe that any member of the City Council or any official or employee of the City would or may be financially affected, whether affirmatively or negatively, and whether personally or through a spouse or other family member, if the Contract were awarded to the firm.

- () Our firm has **reason** to believe that any member of the City Council or any official or employee of the City would or may be financially affected, whether affirmatively or negatively, and whether personally or through a spouse or other family member, if the Contract were awarded to the firm.

Signature

Date

Name

Title/Position

Name of Firm

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL - ATTACHMENT G
EQUAL EMPLOYMENT OPPORTUNITY AGREEMENT**

The Contractor hereby agrees:

(1) Not to discriminate against any employee or applicant for employment on account of race, color, religion, sex, ancestry, national origin, marital status, age, sexual orientation, or handicap, except as is otherwise provided by law.

(2) Implement an affirmative action employment program as defined in section 12-4-3 of the Code of the City of Alexandria, Virginia, 1981, as amended, to ensure non-discrimination in employment under guidelines to be developed by the commission and approved by the City Council.

(3) To include in all Proposals or advertisements for employees placed by or in behalf of the contractor the words "Equal Opportunity Employer" or a symbol, approved by the Alexandria Human Rights Commission, meaning the same.

(4) To notify each labor organization or representative of employees with which said Contractor is bound by a collective bargaining agreement or other contract of the Contractor's obligations pursuant to this equal employment opportunity clause.

(5) To submit to the City Manager and the City's Human Rights Administrator, upon request, no more frequently than annually, regular equal employment opportunity reports on a form to be prescribed by the City Manager.

(6) To make reasonable accommodation to the known physical or mental limitations of an otherwise qualified handicapped applicant or employee unless the Contractor can demonstrate that the accommodation would impose an undue hardship on the operation of the Contractor's business, factors to be considered include but are not limited to, the following;

- a. the overall size of the Contractor's business with respect to the number of employees, the number and type of facilities and size of budget;
- b. the type of the Contractor's operation, including the composition and structure of the contractor's work force; and
- c. the nature and cost of the accommodation needed.

Contractor may not deny any employment opportunity to a qualified handicapped employee or applicant if the basis for the denial is the need to make reasonable accommodation to the physical or mental limitations of the employee or applicant.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

(7) To include the provisions in sections (1) through (6) hereof in every subcontract so that such provisions will be binding upon each subcontractor.

(8) In the event of the Contractor's non-compliance with any provision, upon a finding of such non-compliance by the City's Human Rights Commission and certification of such finding by the City Manager, the City Council may terminate or suspend or not renew, in whole or in part, the Contract.

Company Name	Date
---------------------	-------------

Signature	Title
------------------	--------------

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

Form W-9
Rev. November 2008
Department of the Treasury
Internal Revenue Service

**Request for Taxpayer
Identification Number and Certification**

Give form to the requester. Do not send to the IRS.

Do not write in these spaces.

Check appropriate box Individual Partnership Corporation Trust or Estate U.S. Government U.S. Possession U.S. Military or Naval Reserve U.S. Merchant Marine U.S. Coast Guard U.S. Air Force U.S. Army U.S. Navy U.S. Marine Corps U.S. Air Force Reserve U.S. Army Reserve U.S. Navy Reserve U.S. Marine Corps Reserve U.S. Coast Guard Reserve U.S. Merchant Marine Reserve U.S. Air Force Reserve U.S. Army Reserve U.S. Navy Reserve U.S. Marine Corps Reserve U.S. Coast Guard Reserve U.S. Merchant Marine Reserve

City, state, and ZIP code

Use correct number(s) here (optional)

Section 1 Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 7 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3. Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

or

Employer identification number

Section 2 Certification

Under penalty of perjury, I certify that:

- The requester whose name is on this form is my correct taxpayer identification number (or I am seeking for a number to be assigned to me), and
- I am not subject to backup withholding (or I am exempt from backup withholding), or the U.S. tax laws do not require the requester to report to the IRS that I am no longer subject to backup withholding; and
- I am a U.S. citizen (or U.S. resident alien).

Certification instructions: You must agree not to use a TIN if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For all other transactions, this does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here Signature of U.S. person: _____ Date: _____

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report the income, interest, dividends, and other payments made to you. The TIN is also used to determine if you are subject to backup withholding.

Individuals: If you are a U.S. citizen or resident alien (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, for:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
2. Certify that you are not subject to backup withholding; or
3. Check exemption from backup withholding if you are a U.S. exempt payee.

In 2 above, if applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes, you are considered a person if you are:

- An individual who is a citizen or resident of the United States;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of any state, territory, or possession of the United States, or the District of Columbia;
- A trust or estate created or organized in the United States or under the laws of any state, territory, or possession of the United States, or the District of Columbia;
- A trust or estate that is a U.S. person under the laws of the United States or under the laws of any state, territory, or possession of the United States, or the District of Columbia.

Special rules for partnerships: Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to provide that if partner is a foreign person, and pay the withholding tax. However, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to certify your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following order:

- The U.S. owner of a disregarded entity and not the entity.

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

ATTACHMENT I - PROPOSER'S PRICE PROPOSAL

NAME AND ADDRESS OF PROPOSER (type or print):

(Street)

(City) (State) (Zip Code)

By

(Signature in Ink)

(Type or Print Name and Title)

Telephone Number _____

Facsimile _____

Date _____

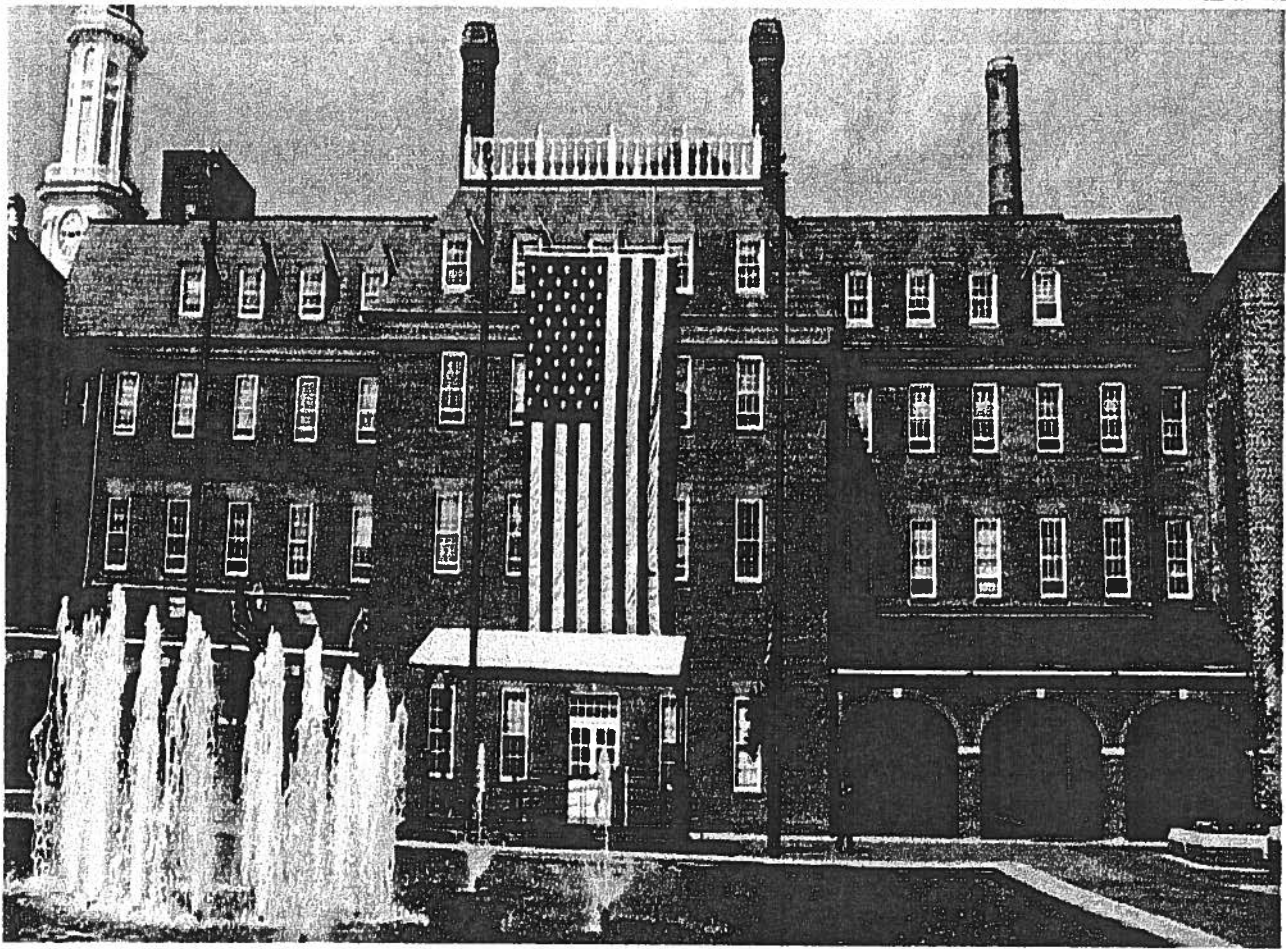
CHECK APPROPRIATE BOX:

- INDIVIDUAL
- PARTNERSHIP
- CORPORATION
- JOINT VENTURE

STATE OF _____

PROMPT PAYMENT TERMS _____

NOTE: City shall reimburse contractor for mutually agreed direct costs in accordance with the applicable Purchase Order. Car mileage will be paid at the City's rate, which is currently \$0.50 cents per mile. Airfare will be reimbursed at coach rates only. Hotel accommodations rates will require prior City approval as will all rates/direct costs related to the Contract.



March 15, 2012

PROPOSAL TO PROVIDE AUDIT SERVICES TO –

THE CITY OF ALEXANDRIA, VIRGINIA

**RFP Item # 0000247
Original**

Prepared by –
CLIFTONLARSONALLEN LLP
Gregory Bussink, III, CPA, CGFM, Partner

4250 North Fairfax Drive, Suite 1020
Arlington, Virginia 22203
888-778-6688 *phone*
571-227-9552 *fax*
Greg.Bussink@cliftonlarsonallen.com

Table of Contents

Tab I - Required Submittal A, Signed Offer and Award Form and Required Submittal Addendum I 1

Tab II - Letter of Transmittal 8

Tab III - Corporate Experience and Capacity 11

 Firm Overview 11

Size and Location 11

 Engagement Team Qualifications 11

Resumes 13

 Key Personnel Responsibilities and Contributions 13

Additional Resources 24

Additional Staff 24

 Why CLA? 24

Experience with Similar Organizations 25

Experience with OMB Circular A-133 28

Experience with the GFOA Certificate of Achievement 29

Number and Types of Customers Served 30

Number of Year Providing Audit Services 30

Value Added Services 30

Why CLA is the Most Advantageous to the City 31

Why CLA is above the Competition 31

 Commitment to Timeline and Budget 31

 Statement of Availability 32

 Statement of Expansion 32

 Registered to do Business in the Commonwealth of Virginia 32

 Financial Statements 32

 Tax Returns 32

Tab IV - Work Plan 33

 Understanding of the Scope of Work 33

 Scope of Work Requirements 33

Financial Statements 33

Supplemental Schedules and Statistical Schedules 39

Compliance Auditing 39

APA Compliance 40

Comparative Report Transmittal Forms 40

Meetings and Report Preparation 40

Assistance from the City 42

 Tentative Schedule 42

 Staffing 44

 Risk Assessment and Mitigation 44

Assistance from the City 45

 Quality Assurance Plan 46

Tab V - Client References for Similar Work Performed 47

Tab VI - Staff Experience 49

 Key Personnel 49

 Individuals Responsible for Contract Administration 49

 Customer Service and Problem Resolution 49



Tab VII - Required Submittal B, Key Personnel Form.....	50
Tab VIII - Required Submittal C, City of Alexandria Insurance Checklist Form.....	51
Tab IX - Required Submittal D, Required Proposer Information Form	58
Tab X - Required Submittal E, Certified Statement of Non-Collusion Form	59
Tab XI - Required Submittal F, Disclosures Relating to City Officials and Employees Form.....	60
Tab XII - Required Submittal G, Equal Employment Opportunity Agreement Form.....	61
Tab XIII - Required Submittal H, W-9 Request for Taxpayer Identification Number and Certification Form	63
Tab XIV - Acceptance of Conditions	64
Tab XV - Appendices	65
Appendix A - Peer Review Reports.....	66
Appendix B - Resumes.....	68
Appendix C - Professional Certifications.....	85
Tab XVI - Cost Proposal	93



Tab I – Required Submittal A, Signed Offer and Award Form and Required Submittal Addendum I

**REQUEST FOR PROPOSALS (RFP) # 00000247
 FOR FINANCIAL STATEMENT AUDIT AND
 INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL - ATTACHMENT A - OFFER AND AWARD
 FORM**

NAME OF PROPOSER:	<u>CliftonLarsonAllen LLP</u>
ADDRESS:	<u>4250 North Fairfax Drive, Suite 1020, Arlington, VA 22203</u>
TELEPHONE NUMBER:	<u>(888) 778-6688</u>
FAX NUMBER:	<u>(571) 227-9552</u>
FEDERAL EMPLOYMENT IDENTIFICATION NO.	<u>41-0746749</u>
BUSINESS LICENSE NO.	<u>133702</u>
VIRGINIA CONTRACTOR'S REGISTRATION NO.	<u>N/A</u>

THIS OFFER AND AWARD FORM SHALL BE SIGNED for and in consideration of the payment of the Contract Sum, as set forth in the Proposal. The Proposer offers to perform the Work set forth in Request for Proposals No. 00000247, together with any addenda, in accordance with the Proposer's Proposal as modified by further negotiations.

By signing this document, the Proposer agrees that, if its Proposal is accepted for the consideration mentioned, it will at its own expense do all of the Work and furnish all the materials, equipment and labor necessary to carry out this Contract within the time specified in the Request for Proposals pursuant to the Contract Documents identified as:

X	DESCRIPTION
X	Scope of Work
X	Instructions For Proposals
X	General Terms and Conditions
X	Addenda
X	Attachments - Submittals

Gregory J. Bussink, III
 Proposer's Authorized Signatory
 Gregory J. Bussink, III, Partner
 Name and Title of Authorized Signatory

3/15/12
 Date

Accepted by the City of Alexandria, Virginia.

Eleanor Foddrell, Purchasing Agent

This ____ day of _____, 2011.





(703) 746-4944

FINANCE DEPARTMENT
Purchasing Division
Suite 301 – Banker's Square
100 North Pitt Street
Alexandria, Virginia 22314



Fax: (703) 838-6493

**CITY OF ALEXANDRIA
NOTICE TO PROPOSERS**

ADDENDUM I

**REQUEST FOR PROPOSALS (RFP) NUMBER 00000247
FINANCIAL STATEMENT AUDIT AND INTERNAL AUDIT SERVICES**

PLEASE CHANGE SECTION 1.4 TO READ:

**1.4 CONTEMPLATED TERM OF ANY CONTRACT ISSUED AS A RESULT OF
THIS RFP**

A Contract, if issued, will be for a period of five (5) consecutive years, with the City's Purchasing Agent having the sole option and discretion of renewing the Contract(s) for five (5) additional one (1) year periods, one (1) year at a time.

PLEASE CHANGE SECTION 2.13, R. TAB XVI TO READ:

2.13 RESPONSE FORMAT

R. Tab XVI, Cost Proposal


Provide separate cost estimates for the City Audit, the Library, and ACPS Audit.
Provide separate cost estimates that include fully burdened hourly rates for the following:
financial statement audit services, and internal audit services.

**ALSO INCLUDED ARE THE WRITTEN QUESTIONS RECEIVED AND THE CITY'S
RESPONSE. THE PRE-PROPOSAL ATTENDEE SHEET IS INCLUDED AS A
SEPARATE PDF FILE DOWNLOAD**

RFP 00000247



EXCEPT AS MODIFIED HEREIN, ALL OTHER TERMS AND CONDITIONS OF
REQUEST FOR PROPOSALS (RFP) NUMBER 00000220 REMAIN IN FULL FORCE
AND EFFECT.

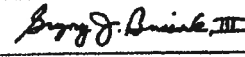


Stephen Taylor
Purchasing Agent

March 8, 2012
Date

ACKNOWLEDGMENT OF RECEIPT

COMPANY NAME: CliftonLarsonAllen LLP

AUTHORIZED SIGNATURE:  3/15/12
Date

NAME AND TITLE: Gregory J. Bussink, III, Partner

TELEPHONE NUMBER: 888-227-9552

EMAIL: Greg.Bussink@cliftonlarsonallen.com



Written Questions Received and the City's Response
RFP 0000247
Financial Statement Audit and Internal Audit Services

1. **Question: Can the City provide the prior year audit fee and the total contract award? Does this include both the financial statement and internal audit services?**

Answer: \$449,000. This includes additional ARRA and A-133 reviews

2. **Question: Approximately how many staff members did the incumbent have in the field for the last year's audit, including the ATC and the Alexandria Library System?**

Answer: It varies from 3-7

3. **Question: Do you have the total number of hours charged by the incumbent for the last year under audit?**

Answer: According to the Audit claims about 2000 hours before additional ARRA reviews

4. **Question: Were there any disagreements between management and the incumbent auditor?**

Answer: No

5. **Question: For last year's audit, when did the fieldwork begin and end?**

Answer: May to November

6. **Question: Can we obtain the prior year auditor's communication to those charged with corporate governance report (SAS 114)?**

Answer: Yes, see separated downloadable file

7. **Question: Can you provide or describe the nature and number of auditor proposed adjusting entries?**

Answer: None

8. **Question: How long has the current audit firm served as the City's auditor?**

Answer: The current audit firm was awarded the last two RFPs for a total of ten (10) years.

9. Question: Can you provide an estimate of the number of federal programs that the City will require a single audit for during the fiscal year ending June 30, 2012?

Answer: Please see our latest CAFR pages 152 to 154 at the link below
<http://alexandriava.gov/FinancialReports>

10. Question: Are prospective candidates required to propose (and perform) on both the financial audit and internal audit opportunities or would the City accept a proposal on only one area?

Answer: Either or both but both would be preferred

11. Question: Over the past three years, how many internal audit engagements have been performed by the incumbent?

Answer: Annually, the incumbent performs a financial audit of the Sheriff's Canteen Account and Work Release account. Non-recurring audits in the past three years include an agreed upon procedures audit to review deposits. Currently, the incumbent is performing an agreed upon procedures audit for the Alexandria School Superintendent.

12. Question: Can the City provide the prior year fees paid for internal audit services?

Answer: \$8500 for FY 2010 The work for FY 2011 now completed, and the invoice is still pending

13. Question: Please describe the reason for rotation of audit firms and issuance of the RFP.

Answer: City of Alexandria contracts are for a pre-determined timeframe and require re-solicitation for a new contract.

14. Question: Were there any prior year journal entries / adjustments proposed by the auditors? What was the nature of the adjustments?

Answer: No

15. Question: Please provide an overview of the internal audit function. During the year, does the OIG (or equivalent) or internal audit function perform tests of the internal control system? If so, is that reporting made available to or performed directly in support of the external auditors? In addition, what, if any, other work of the OIG and/or Internal Audit department has the external auditor used previously?

Answer: The City does not have an OIG function, but has two staff auditors who perform the internal audit function. Normally, during the course of the audit, the external auditor reviews OIA reports issued the previous year and have a short discussion with OIA staff. OIA staff is unaware of any instances in which the external auditors have used the work

of the Office of Internal Audit. OIA staff works with Sheriff Staff to make sure the financial records are available for audit for the Canteen Accounts audit

16. Question: How has the audit been scheduled in the past and how many auditors were on site for each phase? Alternatively, how many auditors were on-site during the peak of the audit?

Answer: Approximately seven

17. Question: Were subcontractors utilized under the prior audit contract?

Answer: No

18. Question: Are there any major accounting changes anticipated during FY 2012?

Answer: No

19. Question: Are there any major changes anticipated in the City's system of internal controls for FY 2012?

Answer: No

20. Question: Does the City anticipate transitioning to any new major computer systems or applications during FY 2012?

Answer: None in FY12

21. Question: Has the responsibility for system operation and maintenance of any of the systems or transaction cycles been outsourced to a third party? Of those systems/cycles outsourced, has a recent SAS 70 (now SSAE No. 16) been performed on the respective entities?

Answer: No

22. Question: With respect to the Single Audit, do you expect the composition of major programs to change significantly from major programs reported for last year?

Answer: Few changes for ARRA but not for other ongoing operations

23. Question: How much in ARRA (stimulus) funds has the City received or will spend in FY 2012?

Answer: City about \$4million, Schools about \$5million

24. **Question:** Please provide an overview of any specialists used by the City (actuaries, valuation firms, third party experts, etc.) in determining financial statement balances and disclosures.

Answer: Cherion Financial Services and Prudential Pension Actuaries

25. **Question:** Please provide a listing of the laws and regulations, which the City considers significant to its operations and its financial statements.

Answer: GAAP, All GASB standards applicable, City State and Federal Regulations

26. **Question:** Could you provide us with a copy of the previous year's internal control management letter?

Answer: None issued

27. **Question:** Were there any additional services performed by the prior independent auditor? If so, could you describe such services and provide the amount of fees paid in connection therewith? Can we get copies of any reports that may have been issued?

Answer: An extended single audit on ARRA funds.

Tab II – Letter of Transmittal

March 15, 2012

Mr. Michael F. Hauer, CPPO, CPPB
Contract Specialist III
Finance Department/Purchase Division
City of Alexandria
100 North Pitt Street, Suite 301
Alexandria, Virginia 22314

Dear Mr. Hauer:

CliftonLarsonAllen (CLA) is pleased to present the following proposal in response to your Request for Proposal (RFP) Item No. 00000247 for the City of Alexandria (the City). We are confident that our extensive experience serving similar governmental entities, bolstered by our client-oriented philosophy and depth of resources, will make CLA the best qualified candidate to fulfill the scope of your engagement.

Our Government Services Team has significant experience serving counties, cities and states. We have one of the largest governmental practices in the country, so while the City will be served by local professionals, you will also benefit from the expertise and resources of our firmwide Government Services Team.

The following provides the required information per the RFP.

1. *Executive Summary:*

We understand that the City is seeking a fully qualified certified public accounting firm to perform financial statement audit and internal audit services, including the following:

- Conduct an audit of the City's financial statements, to include the Alexandria Transit Company (ATC), which are prepared in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). These audits are to be performed in accordance with Generally Accepted Auditing Standards (GAAS) and Audits of Counties, Cities, and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia.
- Audit the financial statements of the Alexandria City Public Schools (ACPS), including the student activity funds of the middle and secondary schools, and the Alexandria Library System (Library).
- Review the financial statements and Comprehensive Annual Financial Reports of the City and ACPS to ensure they comply with the requirements to retain the GFOA Certificate of Achievement for Excellence.
- Review the City's Comparative Transmittal Forms in accordance with APA guidelines.
- Conduct a single audit of grant funds performed in accordance with GAAS, the standards set forth for financial audits in the Government Accountability Office's (GAO) most current *Government Auditing Standards*, the provisions of the federal Single Audit Act of 1984 and the Single Audit Act



Amendments of 1996, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

- Review any official statements or review subsequent required annual financial and operating data issued in connection with the sale of bonds.
- Additionally, we will provide related accounting, consulting, and information technology consulting services on an as needed basis.

CLA is committed to performing the work within the time period specified in the RFP. Our Government Services Team has significant experience serving counties, cities and states. We have one of the largest governmental practices in the country, so while the City will be served by local professionals, you will also benefit from the expertise and resources of our firmwide Government Services Team. A sampling of qualities that sets us apart and makes us the best qualified to perform the required services, includes:

- **Extensive Expertise Auditing for the City and Similar Entities.** CLA's Government Services Team is staffed with professionals that have worked directly with numerous cities and other governmental entities, including counties, boards of education, public libraries, community colleges and housing commissions, within Virginia and Maryland.
- **Specialized Government Insight and Resources.** As one of the nation's largest certified public accounting and consulting firms specializing in the public sector, CLA has the experience and resources to most effectively identify opportunities and areas to be strengthened. Our Government Services Team is dedicated to providing the City with immediate access to one of the country's largest and most knowledgeable government teams.
- **Unparalleled Communication and Proactive Leadership.** The City will benefit from a high level of hands-on service from our team's senior professionals. We can continue to provide this level of service because, unlike other national firms, our partner-to-staff ratio is similar to smaller firms – allowing our senior level professionals to be involved and immediately available throughout the entire audit process. Our approach ensures that all members of the engagement team will stay abreast of key issues at the City, and take an active role in addressing them.
- **A Focus on Providing Consistent, Dependable Service to Government Entities.** We also differ from other national firms in that we exclusively focus on the needs of non-SEC clients, allowing us to avoid the workload compression typically experienced by firms that must meet public companies' SEC filing deadlines. Instead, our primary focus is on serving government entities. This translates to more consistent, dependable customer service for the City. Moreover, our decision to avoid the risk associated with auditing publicly-held companies also translates into more reasonable fees for our clients.
- **Cost Effectiveness.** Our use of experienced professionals to deliver financial and compliance audit services, allows us to provide you with the needed assurance and process improvement recommendations in less time, which translates into the best value. CLA's use of experienced professionals and an effective quality control system, combined with lower operating costs than our competitors, allows us to provide superior service and value at a reasonable price.

We have structured the proposal based on the submittal requirements set forth in the RFP.



2. Individuals Authorized to Make Representation on Behalf of CLA:

I, Gregory J. Bussink, III, partner in CLA, am authorized to make representations on behalf of CLA. My mailing address is as follows:

4250 North Fairfax Drive, Suite 1020, Arlington, VA 22203

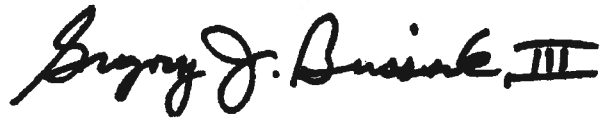
3. Offer and Award Signatory Authorization:

As a partner in the firm, I am authorized to bind CLA in a contract with the City.

We welcome the opportunity to discuss our qualifications in greater detail or to make a presentation to your organization as you prepare to select a firm to serve your needs. Please contact me at 888-778-6688 or via email at Greg.Bussink@cliftonlarsonallen.com with any additional questions.

Sincerely,

CLIFTONLARSONALLEN LLP

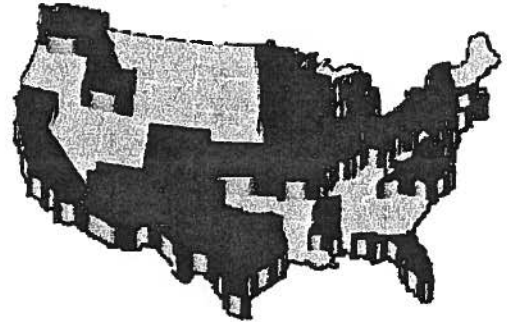


Gregory J. Bussink, III, CPA, CGFM
Partner

Tab III – Corporate Experience and Capacity

FIRM OVERVIEW

CliftonLarsonAllen, a limited liability partnership, is one of the nation’s top 10 certified public accounting and consulting firms. Structured to provide clients with highly specialized industry insight, the firm delivers assurance, tax and advisory capabilities. CLA offers unprecedented emphasis on serving privately held businesses and their owners, as well as governmental entities.



Size and Location

CLA has more than 90 locations across the United States and has a staff of 3,600 professionals, including more than 500 partners.

Your engagement will be managed from our Arlington, Virginia and Timonium, Maryland offices. The location of the offices is as follows:

CliftonLarsonAllen LLP
 4250 North Fairfax Drive, Suite 1020
 Arlington, Virginia 22203

CliftonLarsonAllen LLP
 9515 Deereco Road, Suite 500
 Timonium, Maryland 21093

In addition, resources will be available to the City from our Richmond, Virginia and Calverton, Maryland offices.

A breakdown of the personnel employed in the engagement office is included in the chart below:

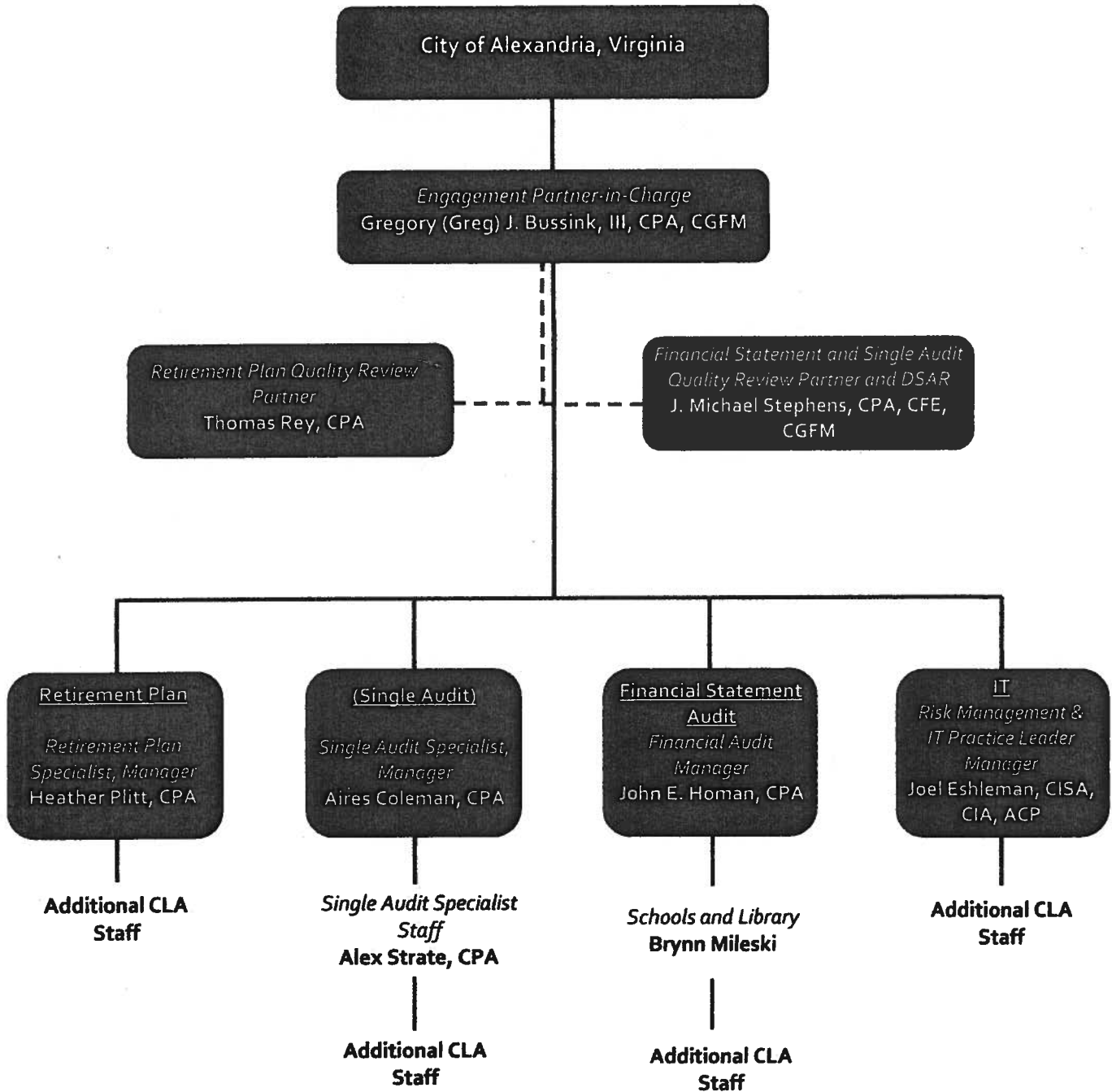
Level	Number Staff Employed	
	Arlington	Baltimore
Partner	5	15
Manager	27	52
Senior Associate	18	40
Associate	23	29
Non-professional Staff	5	25
Total	77	161

ENGAGEMENT TEAM QUALIFICATIONS

CLA is the industry leader in providing solutions to government entities. We have a deep understanding of local government entities and we recognize the challenges that the City is subject to. It is the goal of CLA and your engagement team to pull from our wealth of resources nationwide to proactively plan and attack these challenges so that they do not hinder your day-to-day business operations. You will have access to specialists across the firm as needed to supplement the expertise of your team.

The CLA Project Team will utilize a broad array of audit experts to deliver best-in-class results for the City and its component units.

Greg Bussink will serve as Engagement Partner-in-Charge, dedicated to achieving the City's financial goals for this engagement. All team members are experienced in auditing governmental entities similar to the City. Given the nature of the City's retirement plans, we will use our team of pension plan specialists to perform that portion of the audit. The following diagram illustrates the project team structure and members:



Resumes

We have included resumes which include memberships in professional organizations relevant to the performance of this audit for our key personnel in *Appendix B*.

The members of our engagement team work together regularly. We have included details of our engagement team along with our references. You will see and our references will confirm that our team works well together to provide outstanding services to our clients.

KEY PERSONNEL RESPONSIBILITIES AND CONTRIBUTIONS

We understand that one of your concerns is that your CPA firm must be easily accessible, responsive to you, and be fully committed to providing the services requested in the RFP. Therefore, we have staffed this engagement with team members who are committed to the City's engagement. While the engagement team is committed to participate in other government audit engagements, the City will be a priority account at CLA and will be held in the highest regard within the firm. We will have the support of the executive leadership of the firm to provide the City with access to the most qualified individuals at any time. The City will be a valued client to CLA and an important addition to our client list. An estimate of the approximate engagement time per staff member can be found in the Staffing section of Tab IV.

The engagement team below will be dedicated to not only meeting, but exceeding the City's expectations.

Gregory (Greg) J. Bussink, III, CPA, CGFM	
Position in Firm	Engagement Partner-in-Charge
Functional Responsibility	Greg will oversee all engagement responsibilities for the work, including reviewing the work plan, coordinating activities with the audit managers, and directing all meetings with the City.
Professional Certifications	<ul style="list-style-type: none"> • Certified Public Accountant • Certified Government Financial Manager
Professional Affiliations	<ul style="list-style-type: none"> • Virginia Society of CPA's • American Institute of Certified Public Accountants, Member • Maryland Association of Certified Public Accountants, Not-for-Profit Committee Member • Association of Government Accountants, Member • Government Finance Officers Association, Member
Education	Bachelor of Science, Accounting, Bowie State University
Years of Experience	18
Relevant Experience	<p>Greg has over 18 years of experience, specializing in serving government entities. He is one of our leading government experts in the region, and will provide the City with insights throughout the year. Greg's key clients have included the following:</p> <ul style="list-style-type: none"> • Charles County, Maryland • Arlington County, Virginia • Stafford County, Virginia • Virginia Office of Emergency Management Services • Fredrick County Board of Education • Northern Virginia Regional Commission • Maryland-National Capital Park & Planning Commission • City of Greenbelt, Maryland • City of Takoma Park, Maryland • City of Gaithersburg, Maryland • Prince George's County Memorial Library System

Thomas Rey, CPA

Position in Firm	Partner- Pension Plans
Functional Responsibility	Thomas will oversee the engagement responsibilities for the portion of the audit related to the City's pension plans.
Professional Certifications	Certified Public Accountant
Professional Affiliations	<ul style="list-style-type: none"> • Government Finance Officers Association - member • American Institute of Certified Public Accountants - member • Maryland Association of Certified Public Accountants - member • Public Pension Financial Forum (P2F2) - member • National Association of Governmental Deferred Compensation Administrators (NAGDCA) - member
Education	Bachelor of Science, Accounting, Salisbury State University
Years of Experience	15
Relevant Experience	<ul style="list-style-type: none"> • Pennsylvania State Employees' Retirement System • Pennsylvania Deferred Compensation Program • Pennsylvania Public School Employees Retirement System • State Board of Administration of Florida • New York State Deferred Compensation Board • State of New Mexico Public Employees Deferred Compensation Plan • Public Employees' Retirement System of Nevada • North Dakota Pension System • State Retirement and Pension System of Maryland • South Carolina Employees' Retirement System • Maryland State Retirement and Pension System • Idaho Deferred Compensation Committee • Wisconsin Deferred Compensation Plan • State of Arizona Deferred Compensation Plan • City of Phoenix, Arizona Employees' Deferred Compensation Plans • Maryland-National Capital Park and Planning Commission Employees' Retirement System • Maryland Supplemental Retirement Plans • University of Maryland Medical System Employee Benefit Plan • Arlington County Retirement System



J. Michael Stephens, CPA, CFE, CGFM

Title	Quality Review Partner
Position in Firm	Mike will perform the second, independent partner review of the financial statements and audit reports to ensure all technical and professional requirements are met.
Professional Certifications	<ul style="list-style-type: none"> • Certified Public Accountant • Certified Government Financial Manager • Certified Fraud Examiner
Professional Affiliations	<ul style="list-style-type: none"> • American Institute of Certified Public Accountants, member • Maryland Association of Certified Public Accountants, member • Association of Government Accountants, member • Association of Certified Fraud Examiners, member
Education	Bachelor of Arts, Accounting, Loyola College
Years of Experience	25
Relevant Experience	<p>Mike has over 25 years of experience, specializing in governmental auditing and accounting services, including the audits of state and local governmental entities. His key clients include the following:</p> <ul style="list-style-type: none"> • Fairfax County Redevelopment and Housing Authority, Virginia • Richmond Redevelopment and Housing Authority, Virginia • Northern Virginia Regional Commission • Arlington County, Virginia • Arlington County Public Schools • Virginia Resources Authority • Charles County, Maryland • Baltimore County Public Library • Harford County Public Library • Prince George's Library • Anne Arundel County, Maryland • City of Havre de Grace, Maryland • City of Greenbelt, Maryland

Heather Plitt, CPA

Position in Firm	Senior Audit Manager
Functional Responsibility	Heather will be the senior manager assigned to the retirement plan audits and will be one of the main day-to-day contacts.
Professional Affiliations	<ul style="list-style-type: none"> • American Institute of Certified Public Accountants • Maryland Association of Certified Public Accountants • Virginia Society of Certified Public Accountants
Background and Years of Experience	Heather offers a wealth of knowledge and experience having served as the audit manager assigned to the audits of numerous clients with investment portfolios valued up to \$90 billion. Her eight years of experience, have been dedicated to working in the area of government retirement plan audits.
Relevant Experience	<ul style="list-style-type: none"> • State of Wisconsin Deferred Compensation Plan • Federal Retirement Thrift Investment Board - Thrift Savings Plan • State of Nevada Deferred Compensation Plan and FICA Alternative Plan • District of Columbia Retirement Board • State of Nevada Public Employees' Retirement System • MNCPPC Employees' Retirement System • Office of the Comptroller of the Currency 401(k) • Office of Thrift Supervision 401(k) • US Army FMRWC 401(k) • US Army FMRWC Retirement Plan



Aires Coleman, CPA	
Position in Firm	Single Audit Specialist
Functional Responsibility	Aires will be responsible for the planning, execution and management of the single audit fieldwork and APA specific testing relating to grant compliance. She will also assist in the resolution of technical and reporting issues.
Professional Certifications	Certified Public Accountant
Professional Affiliations	<ul style="list-style-type: none"> • Maryland Association of Certified Public Accountants, Member • American Institute of Certified Public Accountants, Member
Education	Bachelor of Science, Business Administration, University of Maryland
Years of Experience	15
Relevant Experience	<ul style="list-style-type: none"> • Virginia Resource Authority • Virginia Commission • Stafford County, Virginia • Arlington County, Virginia • Northern Virginia Regional Commission • Harford County, Maryland Public Schools • Queen Anne's County, Maryland • Baltimore County, Maryland • Montgomery County, Maryland • Maryland-National Capital Park & Planning Commission • City of Takoma Park, Maryland • Washington Metropolitan Area Transit Authority • Howard County, Maryland Public Schools • Montgomery County, Maryland Public Schools

John E. Homan, CPA

Position in Firm	Senior Manager
Functional Responsibility	John will be responsible for the planning, execution and management of the financial statement audit fieldwork. He will also assist in the resolution of technical and reporting issues.
Professional Certifications	Certified Public Accountant
Professional Affiliations	<ul style="list-style-type: none"> • Association of Government Accountants <ul style="list-style-type: none"> o Senior Vice President and Member National Executive Committee, 2011-present o Regional Vice President, Capital Region, 2007-2010 o President, Northern Virginia Chapter, 2006-07 o Citizen Centric Report Reviewer, 2009-present • American Institute of Certified Public Accountants, member • Virginia Society of Certified Public Accountants, member • American Society of Military Comptrollers, member
Education	<ul style="list-style-type: none"> • Bachelor of Science, Economics, Georgetown University • Masters of Business Administration, Finance, Columbia University
Years of Experience	30
Relevant Experience	<p>John has over 30 years of experience, specializing in governmental auditing and accounting. Significant experience with CFO Act, CAFR and Single Audits, Complete Peer and Quality Control Reviews for federal agencies. Advisory engagement experience includes performance audits, Sarbanes-Oxley readiness and OMB A-123 engagements. His key clients include the following:</p> <ul style="list-style-type: none"> • City of Falls Church, VA. Managed the Financial Statement Audit of the City and its \$200 million in assets in accordance with Government Auditing Standards and the Single Audit for all Federal funds received by the city. • Prince George's County, MD. Managed teams which completed the Financial Statement audit of the County, its \$4.8 billion in assets • Prince George's County Housing and Revenue Authorities, all in accordance with Government Auditing Standards. Prepared Single Audit Reports on Internal Control in accordance with GAGAS and Compliance with Requirements Applicable Programs under OMB A-133. • Montgomery County, MD. Managed the internal audit outsourcing program of the County Office of Internal Audit including engagements to: <ul style="list-style-type: none"> o Develop a County Wide Enterprise Risk Assessment and a four year multi-audit plan. o Assess internal controls in the County Department of Treasury o Assess internal control over Police Overtime o Assess internal control over cost reimbursement contracting in the Department of Health and Human Services o Complete a forensic audit of the cash collection operations of the County Department of Transportation



- | | |
|--|---|
| | <ul style="list-style-type: none">○ Assess internal controls over the County Tuition Assistance Program in the Office of Human Resources○ Review Pension expenditures and calculations for the County Defined Benefit Pension Plans.○ Assess internal controls over County Purchase Card activities |
|--|---|

Joel Eshleman, CISA, CIA, ACP

Position in Firm	IT Assurance & Advisor - Senior Manager
Functional Responsibility	Joel will be available as a key information systems audit resource for the City.
Background and Years of Experience	Joel comes from a Big 4 firm and has more than 12 years of experience. He is the leader of the information technology audit teams serving Mid-Atlantic clients. Joel has extensive experience working with IT and business process control evaluation projects, and has managed process and internal control evaluations for numerous clients.
Relevant Experience	<ul style="list-style-type: none"> • Baltimore County, Maryland • Richmond Redevelopment Housing Authority, VA • Housing Authority of Baltimore City, MD • New Jersey Housing and Mortgage Finance Authority • Pennsylvania Municipal Retirement System • Pennsylvania Public School Employees Retirement System • Commonwealth of Pennsylvania • State of South Carolina • Marriott Employees Federal Credit Union, MD



Alex Strate, CPA	
Position in Firm	Senior Associate
Functional Responsibility	Alex will be responsible for assisting Aires with the planning, execution and the day-to-day organization of the single audit fieldwork and ensuring that programs are properly tested.
Professional Affiliations	Maryland Association of Certified Public Accountants
Background and Years of Experience	Alex has over three years of experience with CLA. He specializes in OMB A-133 Audits for State and Local Governments and nonprofits. He also performs Compliance Audits and Agreed Upon Procedures.
Relevant Experience	<ul style="list-style-type: none"> • Prince George's County, Maryland Public Schools • Baltimore County, Maryland Public Schools • Anne Arundel County, Maryland Public Schools • Washington Metropolitan Area Transit Authority • Montgomery County, Maryland • Prince George's County, Maryland • Queen Anne's County, Maryland



Brynn Mileski

Position in Firm	Audit Manager
Functional Responsibility	Brynn will assist in developing the audit work program, managing our fieldwork personnel, and resolving any technical and reporting issues with the School Board and Library.
Professional Affiliations	<ul style="list-style-type: none"> • Virginia Society of Certified Public Accountants • Virginia Government Finance Officers' Association • Maryland Association of Certified Public Accountants - candidate
Education	Bachelor of Science, Accounting, Penn State University Park
Years of Experience	6
Relevant Experience	<p>With 6 years of experience, Brynn has developed a specialty in governmental auditing and accounting with an emphasis on state and local government agencies. Her clients include the following:</p> <ul style="list-style-type: none"> • Virginia Resource Authority • Arlington County, Virginia • Arlington County Public Schools, Virginia • Montgomery County Public Schools • Maryland-National Capital Park and Planning Commission • Anne Arundel County Board of Education • Baltimore County Public Schools • Calvert County Public Schools • Charles County Public Schools



Additional Resources

In addition to the audit staff mentioned above, our audit professionals will work in conjunction with our industry consulting staff. This working relationship has proven to be very effective on similar engagements with similar government entities.

Edward J. Mazur CPA, MBA - Senior Advisor for Public Sector Services

As our Senior Advisor of Public Sector Services, Ed will be available as needed as a technical resource and subject matter expert for the City. A recent addition to the CLA team, he also serves as chair of the Audit and Financial Management Advisory Committee of the U.S. Small Business Administration, as a member of the Financial Management Standards Board of the Association of Government Accountants, and as member of the Financial Reporting Model Task Force of the Federal Accounting Standards Advisory Board.

With over 30 years of experience, he has served on both the Governmental Accounting Standards Board and the Federal Accounting Standards Advisory Board. Ed was confirmed by the U.S. Senate in 1991, to be the first Controller appointed by the President under the Chief Financial Officers Act of 1990, and headed the Office of Federal Financial Management within the Office of Management and Budget. In addition, he served four Governors as State Comptroller for the Commonwealth of Virginia between 1980 and 1991, and as President of the National Association of State Auditors, Comptrollers, and Treasurers, and the National Association of State Comptrollers.

Sean Walker, CPA- Assistant Director of Assurance Services

Sean is an Assistant Director with CLA's Public Sector practice group. He has been serving public sector clients since 1999. Sean specializes in providing accounting, financial auditing and consulting to municipalities, utilities, counties, tribal governments, various non-profits and educational institutions. He is a member of the Firmwide Assurance Department, overseeing services provided to government and non-profit entities. Prior to practicing in public accounting, Sean worked for an international manufacturer as a management level corporate accountant.

His areas of specialization include: Governmental accounting practices as outlined by the GASB, Governmental financial audits in accordance with generally accepted auditing standards as outlined by the American Institute of Certified Public Accountants (AICPA), governmental auditing standards as outlined by the GAO, and single audits as outlined by circular A-133 and state government audit guidelines.

Additional Staff

Additional senior associates and associates will be assigned as deemed necessary with relevant experience. These staff members will be determined based on the final scheduling of audit tasks with management.

WHY CLA?

CLA is one of the very few firms of our size and scope to focus singularly on privately held businesses and public sector organizations – as well as the people at their helm.

Our audit approach is different than most firms in that we are highly technical in the auditing tools we use, and perform a highly systems-based audit for clients that have sufficient IT financial systems. Our audit approach is multifaceted, utilizing analytical procedures and IT computer assisted auditing techniques (CAATs) whenever possible.

Our teams are very deadline driven and have experience meeting and exceeding those deadlines from working with numerous governmental entities throughout the years. Our partners and managers review in the field. We are in constant contact with management to ensure that your expectations are being met and any audit or other matters are being addressed in a timely manner.

Our key to success has been our ability to plan and execute our audit plan in an efficient manner. We have found that the more communication we have with our clients, the more efficient we can be and more value we can drive in an organization's operations.

Experience with Similar Organizations

CLA has one of the largest governmental audit and consulting practices in the country. With over 100 years of combined experience, the merger of Clifton Gunderson and LarsonAllen brings extensive experience providing a variety of audit and consulting services to state and local government entities, including internal audits, agreed-upon procedures, compliance audits, financial statement audits, and single audits in accordance with OMB Circular A-133. Our Government Services Team serves nearly 2,000 governmental engagements nationwide, including numerous counties, cities, municipalities, states and state agencies, and school boards.

Many of our governmental clients have complex financial reporting structures. We are familiar with the accounting and reporting requirements for different fund types and the complexities and differences of government-wide reporting verses fund level reporting. Many of our clients have component units that issue separate financial statements, some of which issue full Comprehensive Annual Financial Reports (CAFR) and others who issue financial statements only. In addition, we understand the complexities of the budget process and the required reporting as well as the differences in GASB and Financial Accounting Standards Board (FASB) requirements. Below is a sample list of the entities we serve:

Experience	Sampling of Clients
<p>State and Municipalities</p>	<ul style="list-style-type: none"> • Anne Arundel County, Maryland • Anne Arundel County, Maryland Public Schools • Arlington County, Virginia • Arlington County Public Schools, Virginia • Baltimore City, Maryland Public Schools • Baltimore County, Maryland • Baltimore County, Maryland Public Schools • Calvert County, Maryland Public Schools • Carroll County, Maryland • Carroll County, Maryland Public Schools • Charles County, Maryland • Charles County, Maryland Public Schools • City of Annapolis • City of Gaithersburg • City of Greenbelt • City of Newark • City of Philadelphia



Experience	Sampling of Clients
	<ul style="list-style-type: none"> • City of Takoma Park • Delaware Department of Homeland Security • Frederick County, Maryland Public Schools • Howard County, Maryland Public Schools • Maryland Workers' Compensation Commission • Montgomery County, Maryland • Montgomery County, Maryland Public Schools • Pennsylvania Office of the Attorney General • Prince George's County, Maryland • Prince George's County, Maryland Public Schools • Queen Anne's County, Maryland • State of Maryland, Department of Juvenile Services • State of South Carolina • Town of Bel Air • Town of Charlestown • Town of Easton • Town of Elkton • Town of Manchester • Town of Ocean City
<p>Public Transportation</p>	<ul style="list-style-type: none"> • Delaware River and Bay Authority • Maryland Department of Transportation, Motor Vehicle Administration • Maryland Transit Administration • Maryland Transportation Authority • Metropolitan Washington Airport Authority • Montgomery County National Database Audit • New Jersey Transit Authority • Richmond Capital Regional Airport Commission • U.S. Department of Transportation • Virginia Department of Transportation • Washington Metropolitan Area Transit Authority
<p>Economic Development</p>	<ul style="list-style-type: none"> • Arlington County Industrial Authority • Carroll County, Maryland Industrial Authority • Colorado Housing and Finance Authority • Commonwealth of Pennsylvania Financing Authority • Fairfax Redevelopment and Housing Authority • Housing Authority of Baltimore City, Maryland • Maryland Agricultural and Resource-Based Industry - Development Corporation • Maryland Department of Housing and Community Development • Miami Beach Housing Authority • Montgomery County, Maryland Housing Opportunities



Experience	Sampling of Clients
	Commission <ul style="list-style-type: none"> • New Jersey Housing and Mortgage Finance Authority • New Mexico Finance Authority • Northern Virginia Regional Commission • Pennsylvania Industrial Development Authority • Richmond Redevelopment and Housing Authority • Wisconsin Housing and Economic Development Authority
Higher Education	<ul style="list-style-type: none"> • American Association of Community Colleges • Association of Universities for Research in Astronomy • Association of Jesuit Colleges and Universities • Baltimore City Community College Foundation • Carroll Community College and Foundation • Cecil Community College and Foundation • Community Colleges of Baltimore County and Foundation • Delaware County Community College, Pennsylvania and Foundation • East Carolina University Foundations (we currently serve five different foundations for ECU) • Frederick Community College and Foundation • Harrisburg Area Community College, Pennsylvania and Foundation • Montgomery College, Maryland and Foundation • Thaddeus Stevens College of Technology, Pennsylvania
Enterprise Funds and Authorities	<ul style="list-style-type: none"> • Arlington Waste Disposal • Maryland Environmental Service • Maryland Food Authority • Maryland-National Capital Park and Planning Commission • Northeast Maryland Waste Disposal Authority • Town of Easton, Maryland Utilities Commission
Pension/Benefits	<ul style="list-style-type: none"> • Anne Arundel County Pension • Arizona Deferred Compensation Plan • Arlington County Employees' Retirement System • Ball State-OPEP Plan • Baltimore County Retirement Plan • Board of Pension & Retirement - Philadelphia • Colorado Public Employees' Retirement Association • District of Columbia Retirement Board • Federal Thrift Plan • Florida Small Business Administration • Idaho Public Employees' Deferred Compensation Plans • Local Government Insurance Trust • Maryland State Retirement Agency

Experience	Sampling of Clients
	<ul style="list-style-type: none"> • Metropolitan Washington Airport Authority Pensions System • Montgomery County Retirement Plan • New Castle County Retirement Plan • New Mexico Public Employees' Deferred Compensation Plan • New York State Deferred Compensation Board • Ohio Public Employees Retirement System • Pennsylvania Municipal Retirement System • Pennsylvania Public School Employees' Retirement System • Pennsylvania State Employees Retirement System • Pension Benefit Guaranty Corporation • Phoenix, Arizona Employees' Deferred Compensation Plan • Public Employees Retirement System of Nevada • State of New Jersey, Division of Pension and Benefits • State Teachers Retirement System of Ohio

Experience with OMB Circular A-133

CLA performs A-133 single audits for hundreds of organizations annually, ranking top in the nation for the number of single audits performed by any CPA firm. Many of the local governmental entities served by CLA receive federal funds and require a single audit in accordance with OMB Circular A-133. In fact, we have over 100 local clients who are funded through federal financial aid and for which OMB Circular A-133 audits are conducted. The below table illustrates CLA's experience in serving organizations that receive federal funds.

Because we audit so many governmental entities, we are familiar with every federal grant the City receives and will perform a high quality audit in accordance with OMB Circular A-133. Our designated single audit group stays current on all issues related to federal awards and the impact they may have on your single audit. For instance, American Recovery and Reinvestment Act (ARRA) funds and the new rules regarding audit thresholds where federal loans or loan programs are involved may impact the number of federal programs that must be audited as major programs.

Number of Single Audits Performed*	
CliftonLarsonAllen	856
RSM/McGladrey & Pullen	599
KPMG	505
Plante Moran	500
BKD	386
Baker Tilly Virchow Krause	300
Eide Bailly	291
Deloitte & Touche	234
CBIZ/Mayer Hoffman McCann	234
Grant Thornton	234

**The information for the five firms with most single audits performed was pulled from the Federal Audit Clearinghouse for audits submitted between 7/1/10 - 6/30/11.*

The single audit requires a specific set of skills in order to properly perform the procedures. As such, we have developed a group of professionals who specialize in providing single audit services. In addition to the local resources, CLA has personnel throughout the firm as well as national technical personnel who specialize in single audits and as such provide resources and insights not found in many firms. This group is managed by one of the members on



your engagement team, Aires Coleman, CPA. CLA personnel participated in the Single Audit Task Forces formed by the AICPA to address single audit quality issue. As previously mentioned, Walt Kelly, CPA, a firm-wide resource to the City, recently completed service as a member of the AICPA Government Audit Quality Executive Committee and continues to Chair the Task Force that was established to address single audit reporting problems highlighted in the 2007 PCIE report. Keith Novak, CPA, a partner with CLA, was on the Task Force which addressed sampling in the single audits and resulted in a new chapter of the AICPA audit guide "Government Audit Standards and Circular A-133 Audits." In addition, Sean Walker, CPA, another resource to your engagement team is a member of the AICPA's State and Local Government Expert Panel. This panel aids in identifying reporting and auditing issues related to State and Local Governments, and acts as liaison to GASB and regulators such as GAO and OMB.

The partners, managers and staff members assigned to your audit have performed hundreds of single audits and have received specialized training in governmental accounting, auditing and financial reporting. In addition, they receive training on the compliance requirements of OMB Circular A-133 and the use of the related compliance supplements.

A sampling of our relevant government clients who we have assisted locally with single audits includes:

- Arlington County, Virginia
- Arlington County Public Schools, Virginia
- Montgomery County, Maryland
- Anne Arundel County, Maryland
- Baltimore County, Maryland
- Carroll County Commissioners, Maryland
- Charles County, Maryland
- Queen Anne's County, Maryland
- Prince George's County, Maryland
- Anne Arundel County, Maryland Public Schools
- Baltimore City, Maryland Public Schools
- Baltimore County, Maryland Public Schools
- Calvert County, Maryland Public Schools
- Carroll County, Maryland Public Schools
- Frederick County, Maryland Public Schools
- Howard County, Maryland Public Schools

Experience with the GFOA Certificate of Achievement

We are proud to have helped many of our clients, including states, state retirement systems, counties, cities, boards of education, towns, other governmental retirement systems and housing authorities earn and retain the GFOA Certificate of Achievement for Excellence in Financial Reporting.

Our involvement with clients in the GFOA Certificate program helps to ensure that we are on the leading edge of reporting trends and techniques. We have been engaged by various entities to review their statements for

We are proud to have helped many of our government clients earn and retain the GFOA Certificate of Achievement for Excellence in Financial Reporting. In fact, several local partners have been technical reviewers for GFOA's Certificate of Achievement for Excellence in Financial Reporting program.



compliance with program requirements. We have aided clients in the early implementation of professional pronouncements and regularly provide our clients with updates on new pronouncements which will affect them.

Our local Governmental Services Team has assisted numerous clients in the preparation of governmental CAFRs and improvement of their financial statements. Through our government assurance experience, we have acquired strong skills which will aid in the performance of this engagement. We understand the interrelationships of the many and varied components of a governmental entity's financial statements. This understanding allows us to quickly determine errors or problems with the financial statements. Examples of these relationships include interfund accounting, capital outlay versus capitalization, and entity-wide versus fund statements.

We will assist the City and School Board with the preparation and submission of their CAFR to the Government Finance Officers Association (GFOA). Our procedures with respect to the CAFR will be the review of the comments from GFOA on the prior year submission to ensure they were adequately addressed, completion of the CAFR checklist, and review of the transmittal letter and statistical data to ensure that information presented is reasonable and agrees with the information in the financial statements and management's discussion and analysis (MD&A), where applicable.

Some of our clients which we have assisted in the preparation of the CAFRs include:

- Arlington County, Virginia
- Newport News, Virginia Public Schools
- Anne Arundel County, Maryland
- Montgomery County, Maryland
- Baltimore County, Maryland Public Schools
- Baltimore County, Maryland
- Town of Elkton, Maryland
- Community Colleges of Baltimore County, Maryland
- Howard County, Maryland Public Schools
- Metropolitan Washington Airport Authority Pensions Systems
- Montgomery County, Maryland Public Schools
- Queen Anne's County, Maryland
- State of South Carolina

Number and Types of Customers Served

As previously mentioned, our Government Services Team serves over 1,200 governmental engagements nationwide, including numerous counties, cities, municipalities, states and state agencies, and school boards.

Number of Year Providing Audit Services

CLA has over 100 years of combined experience providing audit services.

Value Added Services

We understand the growing challenge of keeping up-to-date on the topics and issues affecting governmental entities like the City. We can help. All of the below resources, as well as routine

consultations, are included as part of our fee quote. Our clients hear from CLA throughout the year, and not just at audit and tax time. Following is a sampling of ways in which we can provide the City with timely news and education:

- **Newsletters.** We produce several publications that address the unique challenges facing governmental entities like the City, including: *Governmental Insight*, a quarterly e-newsletter that provides the latest news and insights on issues and challenges facing governments today. Recent topics have included: *SSAE 16 Replaces SAS 70 Reporting on Controls at Service Organizations -What you Should Know About Reporting Under FFATA -How to Avoid Single Audit Findings Over Salaries and Wages.*
- **Webcasts.** We provide live and recorded webinars, as well as year-round email alerts, regarding news specific to governmental entities like the City.
- **Whitepapers.** Our government audit specialists frequently issue white papers that address timely industry issues and challenges. Recent white papers have included: *-Risk Governance and the Ongoing Role of Internal Audit-Recognizing Change.*
- **Seminars and Training Sessions.** The members of our local Government Services Team frequently serve as instructors for various seminars and training sessions sponsored by industry associations.

Why CLA is the Most Advantageous to the City

Following is a sampling of qualities that set CLA apart from other firms:

- **Resources.** In addition to the over 400 local members of our Governmental Services Team, you will have access to CLA's extensive network of governmental resources, including over 3,600 professionals nationwide and key members of our national Governmental Services Team.
- **Personal Attention.** The close, personal attention from our senior level personnel, combined with our low partner-to-staff ratio, sets CLA apart from many other CPA firms. You will be served by professionals within our local government services niche, where we have created a highly specialized expert team for the City.
- **Ability to Meet Deadlines.** We are well-balanced when it comes to workload issues, and have never had a problem meeting client deadlines. Our practice is well-rounded in terms of industries served and services provided, and therefore we do not experience the workload compression that other firms might experience during particular busy seasons. This means better client service and closer, personal attention for the City.

Why CLA is above the Competition

Specialized Government Insight and Resources. As one of the nation's largest certified public accounting and consulting firms specializing in the public sector, CLA has the experience and resources to most effectively identify opportunities and areas to be strengthened. Our Government Services Team is dedicated to providing the City with immediate access to one of the country's largest and most knowledgeable government teams.

COMMITMENT TO TIMELINE AND BUDGET

Our teams are very deadline driven and have experience meeting and exceeding those deadlines from working with numerous governmental entities throughout the years. Our partners and managers review in the field. We are in constant contact with management to ensure that your expectations are being met and any audit or other matters are being addressed in a timely manner.



As previously stated, our key to success has been our ability to plan and execute our audit plan in an efficient manner. We have found that the more communication we have with our clients, the more efficient we can be and more value we can drive in an organization's operations.

STATEMENT OF AVAILABILITY

Our proposed team's current commitments will not interfere with our contract with the City. Given the size and strength of our government services practice, we are able to balance our staffing assignments and ensure our commitments are honored.

STATEMENT OF EXPANSION

We have the staff resources available to ensure quality service to the City should we be awarded the contract. No expansion of our firm would be necessary if awarded.

REGISTERED TO DO BUSINESS IN THE COMMONWEALTH OF VIRGINIA

CLA is a properly licensed certified public accounting firm, able to practice in Virginia. In addition, all key partners and senior managers assigned to this engagement are properly licensed to practice as certified public accountants in Virginia. Per the June 7, 2008 CPA Mobility Legislative Law passed in the Commonwealth of Virginia, our engagement team has practice privileges outside of their home jurisdiction without obtaining an additional license in another state. A majority of states, including Virginia have adopted mobility legislation - which is a practice privilege that generally permits a licensed CPA in good standing from a substantially equivalent state to practice outside of his or her principal place of business without obtaining another license.

If the City should require licensing of CPAs beyond the engagement partner on your engagement other than that covered under the mobility act, we will obtain the necessary licensure before beginning the engagement. Please see *Appendix C* for a copy of CLA's business license and other relevant licenses.

FINANCIAL STATEMENTS

CLA is financially stable. We are one of the largest certified public accounting and consulting firms in the nation. CLA prides itself on conducting its business in a fiscally responsible manner. With over 100 years of combined experience, the merger of Clifton Gunderson and LarsonAllen brings long-term strategic planning and responsible spending in both good and bad economic times. CLA has built a solid fiscal foundation. We proactively plan for fiscal challenges including monitoring operation costs, controlling expenditures, reviewing and adjusting costs, and maintaining financial reserves. While recent turmoil in certain economic sectors has created challenging conditions for all businesses, CLA will remain financially strong.

It is our firm's policy not to enclose confidential financial statements in documents subject to open records requests. Should CLA be selected as the successful bidder, we will provide a copy of our recent year-end financial statements at that time.

In addition, please note that CLA is wholly owned by its partners, none of whom own more than two percent of the company, thus limiting individual fiscal responsibility.

TAX RETURNS

There are no professionals not affiliated with CLA as part of the proposed team.



Tab IV – Work Plan

UNDERSTANDING OF THE SCOPE OF WORK

CLA understands that the City is seeking a certified auditor to perform financial statement audits and internal audit services for the City of Alexandria, ACPS, Alexandria Transit Company (ATC), and the Alexandria Library System (Library).

Components of the City include the following:

- Fiscal Year 2012 – starts in Fiscal Year 2012
- Fiscal Year 2013 – starts in Fiscal Year 2013
- Fiscal Year 2014 – starts in Fiscal Year 2014
- Fiscal Year 2015 – starts in Fiscal Year 2015
- Fiscal Year 2016 – starts in Fiscal Year 2016
- Option Year 1 (if executed):
 - The audit of Fiscal Year 2017 – starts in Fiscal year 2017
- Option Year 2 (if executed):
 - The audit of Fiscal Year 2018 – starts in Fiscal year 2018

Other related accounting, consulting, or information technology consulting services shall be performed on an as needed basis. Pricing for any additional services shall be negotiated at the time of need.

SCOPE OF WORK REQUIREMENTS

Financial Statements

Our audit objective extends beyond the issuing of an opinion on financial statements. We believe that a good audit will yield substantial information for management, and will be a valuable tool in recognizing opportunities and identifying areas that can be strengthened. An effective audit performed by our team will also provide:

- An objective look at your policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas
- An analysis of trends and unusual variations from year-to-year
- Protection for current and future resources through improved internal controls
- A deterrent to embezzlement and other fraudulent activities

Benefits of CLA's Risk-Based Approach

Our audit services are designed to protect the interests of management by concentrating on high-risk areas. Risk identification is the first step of the audit process, providing the basis upon which the overall plan is developed. Our risk assessment process involves consideration of the following types of risk:

- **Inherent risk** - that an error in the accounting and reporting process may occur
- **Control risk** - that internal control systems designed to prevent/detect errors may fail
- **Audit detection risk** - the risk that audit procedures may fail to detect errors.

Through careful consideration of the above risks and their interrelationships, we will develop an audit plan and related programs that concentrate our efforts on those elements of your financial statements that involve the greatest risk. At the same time, we will avoid the unnecessary application of commonplace and traditional procedures to low-risk areas.

We expect that the majority of our audit hours will be concentrated in the high-risk audit areas. Our approach is not to review every account with extensive substantive testing. While substantive testing remains part of the process, we first identify relationships and truly learn about your operations.

Commitment to Communication with Management

Continual communication starts when an engagement letter is issued and continues until the completion or closeout of an engagement. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.

Upon notice of the issuance of an engagement letter, Greg Bussink, will meet with you to plan the start of the work and to further discuss the audit process.

We will conduct our audit in four primary phases:

- Phase 1 - Planning & Strategy
- Phase 2 - Systems Evaluation
- Phase 3 - Testing & Analysis
- Phase 4 - Reporting & Follow-Up



Phase 1 – Planning & Strategy

The main objective of the planning phase is to identify significant areas and design efficient audit procedures. We will accomplish our planning by following the methodology below:

- Conduct an entrance meeting with the City– Greg Bussink will meet with the City personnel to mutually agree on an outline of responsibilities and timeframes. The agenda will include but not be limited to the following:
 - Establish audit approach and timing schedule,
 - Assistance to be provided by the City’s personnel,
 - Application of generally accepted accounting principles,
 - Initial audit concerns,
 - Concerns of the City’s management,
 - Establishment of report parameters and timetables
 - Progress reporting process, and
 - Establish principal contacts.
- Gain an understanding of the operations of the City, including its organization, management style and internal and external factors influencing the operating environment. We will utilize reference materials such as the budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations.
- Determine the likelihood of effective Information Systems (IS) - related controls.
- Identify any internal audit work performed and how it may be utilized.
- Perform a preliminary overall risk assessment.
- Confirm protocol for requesting information from and meeting with the business office staff.
- Establish a timetable for the fieldwork phase of the audit.
- Determine a protocol for using Interactive Data Extraction and Analysis (IDEA), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management.
- Prepare initial comprehensive list of items to be prepared by client, establish clear deadlines and review with client.

We will document our planning through preparation of the following:

- **Entity Profile.** This profile will help us gain an understanding of activities, industry conditions, organizational structure, products or services, management, key employees and regulatory requirements.
- **Preliminary Analytical Procedures.** These procedures will assist in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results, and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.



- **General Risk Analysis.** This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations and other key planning considerations.
- **Account Risk Analysis.** This document will contain the audit plan for the financial statements, including risk assessment and the extent of testing by assertion.
- **Prepared by Client Listing.** This document will contain a listing of schedules and reports to be prepared by the client with due dates for each item.

One of the key elements in the planning of this audit engagement will be the heavy involvement of partners and managers. We will clearly communicate any issues in a timely manner, and will be in daily contact with the City as to what we are finding and where we expect it will lead.

We will develop our audit programs during this phase. We will use our standard audit programs as a basis starting point, and will tailor the initial audit programs for each major section of the audit based on our planning and risks identified. We will hold an entrance conference with the City to discuss the audit timeframes, and will meet the appropriate City personnel at least one month prior to the start of each audit.

Phase 2 – Systems Evaluation

During the systems evaluation phase, we will first gain an understanding of the internal control structure of the City for financial accounting and relevant operations. Next, we will identify control objectives for each type of control that is material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing and extent of our control testing and perform tests of controls.

This phase of the audit will include extensive testing of controls:

- Over electronic data, including general and application controls reviews and various user controls
- Over financial reporting and compliance with laws and regulations

We will test controls over each critical audit area. One of our audit efficiency initiatives is to rely heavily on internal controls when appropriate and to creatively look at internal control testing to make it as efficient as possible. This means not routinely performing detailed tests of transactions using large samples. We first seek to identify key controls, and then identify possible testing through alternative methods, such as observation, interviews and re-performance. These tests serve not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance.

We will also develop our internal control tests to assess the compliance with certain provisions of laws, regulations, contracts and grants for which noncompliance could have a direct and material effect on the determination of financial statement amounts. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the City has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated Prepared by Client Listing based on our test results and our anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application IS controls for the applications that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively, and consider application controls as part of the internal control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes. We will determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we will gain an understanding of the City's operations by reviewing its current controls and control objectives as documented, and will also review prior years audit work and the status of corrective actions.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then proceed to assess the significant computer-related controls.

For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and will provide recommendations to improve internal controls. For those IS controls that we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection and re-performance.

Phase 3 – Testing & Review

The extent of our substantive testing will be based on results of our internal control tests. It has been our experience that governmental entities, like the City, often have a system of internal control that, with appropriately designed tests and correlation to account balances, can be used to limit the extent of account balance substantiation testing.

Audit sampling will be used only in those situations where it is the most effective method of testing. Before deciding to sample, we will consider all possible approaches and audit techniques. Items where, in our judgment, acceptance of some sampling risk is not justified will be examined 100 percent. These may include unusual items or items for which potential misstatements could individually equal or exceed tolerable error.

After identifying individually significant or unusual items, we will decide on the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance, (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance or (3) applying analytical procedures to the remaining balance. When we elect to sample balances we will use IDEA to efficiently control and select our samples.

Our work papers during this phase will clearly document our work as outlined in our audit programs. We will also provide the City with status reports during the course of the audit fieldwork. As in all phases of the audit, we will be in communication with the City to ensure that all identified issues are resolved in a timely manner. We will also hold a final exit conference with the City to summarize the results of our fieldwork and review significant findings.

Phase 4 – Reporting & Follow-Up

Reports to management will include oral and/or written reports regarding:

- Independent Auditor's Report
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Management Letter
- Written Communication to those charged with Governance, which includes the following areas:
 - Our responsibility under auditing standards generally accepted in the United States of America
 - Changes in significant accounting policies or their application
 - Unusual transactions
 - Management judgments and accounting estimates
 - Significant audit adjustments
 - Other information in documents containing the audited financial statements
 - Disagreements with the City
 - The City's consultations with other accountants
 - Major issues discussed with management prior to retention
 - Difficulties encountered in performing the audit
 - Fraud or illegal acts

Once the final reviews of working papers and financial statements are completed, which is a process that actually starts while the fieldwork is in process, the financial statements and management letter will be issued.

The City will be provided a draft of any comments that we propose to include in the management letter, enabling them to review the comments for accuracy prior to final release. Any items that come to our attention that are not what we consider major items will be discussed verbally with management and not included in the management letter. Our management letter will include items noted during our analysis of

your operations. We will also make a formal presentation of the results of the audit to those charged with governance of the City and School Board.

Supplemental Schedules and Statistical Schedules

CAFR: Experience in Preparation of CAFRs

Our local Governmental Services Team has assisted numerous clients in the preparation of the CAFR and improvement of their financial statements. Through our government assurance experience, we have acquired strong skills which will aid in the performance of this engagement. We understand the interrelationships of the many and varied components of a governmental entity's financial statements. This understanding allows us to quickly determine errors or problems with the financial statements. We will apply procedures and report on the supplementary schedules included in the CAFR as appropriate. Our procedures with respect to the CAFR will also include the completion of the CAFR checklist and review of the transmittal letter and statistical data to ensure that information presented is reasonable and agrees with the information in the financial statements and MD&A, where applicable.

Compliance Auditing

Single Audit

The AICPA issued new guidance in Statement of Audit Standards 117 - "Compliance Audits" to require risk-based concepts be used in all compliance audits including those performed in accordance with OMB Circular A-133. Our risk-based approach incorporates this guidance.

We will conduct our audit in three primary phases:

- Phase 1 - Risk Assessment and Planning
- Phase 2 - Major Program Testing
- Phase 3 - Final Assessment and Reporting

Phase 1 - Risk Assessment and Planning

The risk assessment and planning phase will encompass the overall planning stage of the A-133 engagement. During this phase, we will work closely with City management to ensure that programs and all clusters of programs (i.e. Student Financial Aid, R&D, etc.) are properly identified and risk-rated for determination of the major programs for testing. We will also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We will accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of loans and loan programs.
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and Type B programs in accordance with Circular A-133 and ARRA requirements, if applicable.
- Identifying the programs tested and the findings reported for the past three fiscal years. Determine and document the program risk based on the past three single audits.
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs.
- Determine the major programs to be tested for the current fiscal year based on the previous steps.
- Based on our determination of the major programs, we will obtain the current year Circular No. A-133 compliance requirement supplement and customize the audit program.

- Prepare and distribute templates to City management to obtain the Summary Status of Prior Year Findings.
- Determine the preferred methods of communication during the audit.

Phase 2 - Major Program Testing

We will determine the programs to be audited based on the risk assessment performed in the planning phase. We will perform the audit of the programs in accordance with Circular A-133. To accomplish this, we will perform the following:

- Schedule an introductory meeting and notify the City management of the major programs for the current fiscal year.
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal Awards.
- Perform tests of compliance and internal controls over compliance for each major program identified.
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise.
- Conduct entrance and exit conference meetings with each grant manager.

Phase 3 - Final Assessment and Reporting

We will re-perform the steps noted in the preliminary assessment and planning stage once the Schedule of Expenditures of Federal Awards is final. Based on the final determination of the programs we will perform the following:

- Identify Type A and Type B programs which were not previously identified
- Re-assess the risk and determine if we are required to audit additional programs
- Perform compliance testing at the entity wide level related to procurement and cash management requirements
- Perform testing to validate the status of prior year findings for those programs not selected for audit
- Prepare the Schedule of Findings and Questioned Costs
- Conduct an exit conference with City management to review draft reports

APA Compliance

Our procedures for testing compliance as required by the APA will be conducted concurrently with our other testing and integrated into that testing when possible. This approach allows us to avoid disruption to the City by performing dual purpose testing whenever possible.

Comparative Report Transmittal Forms

CLA understands that the City will need to complete Comparative Report Transmittal forms in accordance with the provisions of the Uniform Financial Reporting Manual. We will perform the agreed-upon procedures within five days of receiving the forms from the City.

Meetings and Report Preparation

As external auditors, we will report to the Director of Finance, City Council and School Board to assist in the oversight of the financial reporting process. Prior to issuing the management letter we will discuss any

potential issues that may appear in the management letter with management to get their input and to ensure that we have not misinterpreted anything or are not missing any pertinent information. We will communicate any material weaknesses or significant deficiencies in writing. We may also communicate certain best practices. We will issue the management letter at the same time as the financial statements and discuss each issue reported in the management letter with management in detail. During the course of the engagement, we will be in continual contact with the management to ensure that its members are aware of any important issues.

We believe that it is critical for your audit process to include the communications of certain matters relating to the audit. The purpose of these communications is to provide the Director of Finance, City Council and School Board with additional information regarding the scope and results of the audit. This information may assist these groups in overseeing the financial reporting and disclosure process, internal control structure and operations. We believe that the following information should be communicated:

- The auditor's responsibility under auditing standards generally accepted in the United States of America, including responsibility for evaluating the internal control structure and the concept of reasonable, rather than absolute assurance.
- The auditor's responsibility for other information in documents containing audited financial statements, if any.
- The significant accounting policies selected and applied to the financial statements and changes in significant accounting policies or their application.
- The process that management uses in formulating significant accounting estimates and the basis for the auditor's conclusions about the rationality of those estimates.
- The significant financial statement adjustments, if any, noted during the audit, and the implications of both those that management has chosen to record and those proposed but not recorded.
- The auditor's view on significant matters that were the subject of consultation with other accountants (i.e., second opinions), if any.

Our communications regarding the City's internal control structure will be made in the following format to the City Council and the City's Management:

- **Significant Deficiencies** - A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles (GAAP) such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected.
- **Material Weaknesses** - A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.
- **Other Observations and Recommendations** - Observations and recommendation comments are opportunities for the City to improve or strengthen operational controls.

Assistance from the City

We request that the City provide access to all records required for the audits and other requirements of the contract. In addition, we request that you assign a "project coordinator" through whom we will communicate and coordinate activities. We do not foresee needing the City's staff other than during normal business hours.

To assist in this process, we will provide a detailed Prepared by Client list early in the engagement. We will ask that your accounting staff provide us with standard schedules, as well as additional requested supporting items. We anticipate that your accounting personnel will need to locate and submit to us certain invoices, vouchers, cancelled checks and other documents and records. We are extremely flexible as to the format in which we receive this information and will ensure, through the use of the latest technology, that your personnel will not be asked to perform any unnecessary or extensively disruptive tasks. In addition, we will need assistance from the City to provide the information to be included in the audit report as the MD&A.

We will depend on your staff to provide us with as much information as possible, in an effort to limit everyone's time on the engagement and, ultimately, to save your organization money.

TENTATIVE SCHEDULE

The following chart is CLA's proposed schedule for the City's audit:

Description	Start	End
Meeting with appropriate personnel	As soon as feasible upon notification of award	--
Preliminary fieldwork	Audit planning conference to be scheduled during April/May timeframe with preliminary fieldwork to be scheduled for two to three weeks in late May/early June	No later than June 30
Fieldwork	September 1	No later than October 15
Delivery of Preliminary Drafts and Final Reports	City - Preliminary drafts by Oct. 15 ACPS - Preliminary drafts by October 5 Library - Preliminary drafts by September 25	Final reports no later than 5 days after receiving management's comments, NLT October 31, October 20 and October 5, respectively
Completion of agreed upon procedures for comparative transmittal	--	Within 5 days of receiving from City. NLT November 29
Presentation to Management and Board/Council	Preliminary meeting/conference call as needed/requested	As required - no later than December 31

We understand the following times for deliverables are required unless changed by the City:

1. The Contractor shall complete all fieldwork before October 15.
2. The Contractor shall disclose the rationale for all proposed adjusting entries before October 15.
3. The Contractor shall furnish a written opinion to the Mayor and members of the City Council on the Comprehensive Annual Financial Report prepared by the City of Alexandria before October 31. The Contractor shall also furnish a written opinion on the Comprehensive Annual Financial Report prepared by the ACPS before October 20. The Contractor shall also furnish a written opinion on the Comprehensive Annual Financial Report prepared by the Alexandria Library before October 5.
4. The Contractor shall furnish by November 29, a written opinion to the Auditors of Public Accounts on the transmittal forms for the Uniform Comparative Cost Report submitted to the Auditor of Public Accounts.
5. The Contractor shall submit a draft management report of its findings on the City, ACPS, and Library's system of internal control and related budgeting and operating procedures by October 25.
6. The Contractor shall furnish its final management report to the City Manager no later than 30 days after completion of the audit fieldwork.
7. The Contractor shall complete their certification of the Data Collection Form (SFSAC) for OMB Circular A-133, *Single Audits for the Federal Audit Clearinghouse*, no later than 30 days after the Comprehensive Annual Financial Report presentation to City Council, but no later than December 15.
8. The City CAFR shall be printed and submitted to the City 10 days before the Council meeting held on the second Tuesday in November. The Contractor shall attend and brief the City Council at that meeting.
9. The ACPS CAFR shall be printed and submitted to the ACPS Budget and Audit Committee by November 21. The Contractor shall attend and brief the committee when it schedules a meeting.
10. The Library CAFR shall be printed and submitted to the Library Board 10 days before the Board meets to approve the audit on the third Monday of October.
11. The Contractor shall attend and brief the Board when it schedules a meeting.

STAFFING

The following chart provides detailed information about our work plan for each segment of the City's audit. The work plan is displayed using a percentage of the work that each staff level will perform.

<u>Work Item</u>	Percentage of Work Performed				<u>Total</u>
	<u>Partner</u>	<u>Senior Manager</u>	<u>Senior Associate</u>	<u>Associate</u>	
Computer Review	12	28	60	-	100
Planning	12	38	25	25	100
Internal Control & Perm File	15	15	50	20	100
SAS No. 99	16	16	68	-	100
Other Plan and Perm File	33	33	-	34	100
Internal Control Testing	-	8	25	67	100
Balance Sheet Testing	-	-	50	50	100
Revenue & Expense Testing	-	-	50	50	100
Reporting	13	25	50	12	100
Supervision and meetings	<u>36</u>	<u>48</u>	<u>12</u>	<u>4</u>	<u>100</u>
Total Percentage	<u>12</u>	<u>18</u>	<u>40</u>	<u>30</u>	<u>100</u>

RISK ASSESSMENT AND MITIGATION

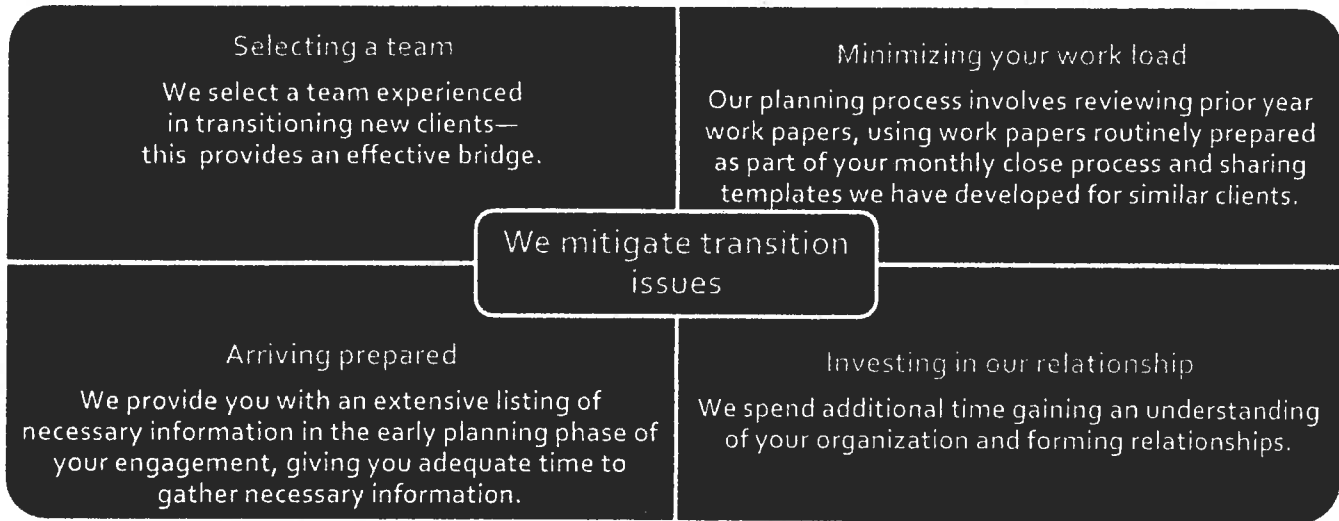
An area of concern that is commonly encountered during transition to new engagements is the start-up time required to familiarize ourselves with your operations. As previously stated, upon appointment as auditors, we will initiate a planning meeting with the appropriate management of the City. This meeting will take place shortly after we are notified about your selection.

The purpose of the meeting will be to:

- Review our approach and roles, and solicit comments and concerns
- Schedule work
- Establish key meeting and reporting dates
- Review the audit requirements

We recognize changing accounting firms presents an opportunity as well as a challenge. Our service approach effectively minimizes the impact of client transition issues.





Management may be concerned about the potential disruption of its personnel during the transition period while the new firm becomes familiar with your operations. We have addressed this concern by structuring our transition process to gain a thorough understanding of your operations. That process has been successfully applied for numerous organizations in the past.

Our approach to transition includes:

- A well-structured, experienced engagement team
- More intensive involvement by partners and managers in the transition year
- Careful and complete communications at all levels of the team to resolve issues and concerns
- User-friendly audit tools
- Use of review of prior auditor's workpapers as a way to gather pertinent historical accounting information and documents to limit your team's time in producing them for us

All transition activities will involve the on-site participation of the audit service team in order to:

- Focus our efforts only upon relevant matters
- Avoid unnecessary efforts by your personnel
- Make the audit process more responsive

ASSISTANCE FROM THE CITY

During the transition process, we ask that the City provide access to all records required for the engagement and other requirements of the contract. In addition, we request that a project coordinator be assigned through whom we will communicate and coordinate activities.

To assist in this process, we will provide a detailed Prepared by Client list early in the engagement. We will ask that your accounting staff provide us with standard schedules, as well as additional requested supporting items. We anticipate that your accounting personnel will need to locate and submit to us certain documents and records. We are extremely flexible as to the format in which we receive this information and will ensure, through the use of the latest technology, that we do not ask you to re-create

the wheel. As previously stated, we will depend on your staff to provide us with as much information as possible, in an effort to limit everyone's time on the engagement and, ultimately, to save your organization money.

QUALITY ASSURANCE PLAN

CLA has specific procedures with respect to the quality of our work. These procedures are designed to provide reasonable assurance that our personnel will be competent, objective, and will exercise due professional care. We have undertaken an intensive Quality Control Program to assure the highest standards are maintained in our work. Included in that program are the following:

- CLA is the union of Clifton Gunderson LLP (Clifton Gunderson) and LarsonAllen LLP (LarsonAllen), two peer firms who merged together on January 2, 2012, in order to strengthen our combined capabilities in the market and enhance deliverables to our clients.

Both Clifton Gunderson and LarsonAllen received external quality control reviews every three years and will continue to as one firm, CLA. Prior to the merger, both firms received a pass rating (previously an **unqualified opinion**) in their most recent external quality (peer) reviews.

We have included a copy of Clifton Gunderson's and LarsonAllen's most recent peer review reports, in *Appendix A: Peer Review Reports*. Both firms received a **pass rating**, which is the highest form of report under the new (2009) peer review standards. In order to receive a pass rating, a firm's quality control system must be of the **highest standards**. Letters of comment are no longer issued in connection with peer reviews. Firms that would have received a letter of comment under the previous standards, receive a *pass with deficiencies* rating under the new standards with those deficiencies included in the report. As you can see from the reports, **no deficiencies** were identified by the reviewers. This quality control review included a review of specific government engagements. Our next peer review will be performed in 2013.

- We have also developed a quality control manual to dictate the quality control standards and policies of our firm. These standards often exceed requirements set forth by professional standards and governmental guidelines. To monitor the adherence to policies and procedures, and to assure the quality and accuracy of services provided meet our high standard of client services, each office must have a regular internal examination performed by professionals from other firm offices.
- We follow quality control standards as prescribed by the American Institute of Certified Public Accountants. A partner-in-charge is involved in the planning, fieldwork and post fieldwork review. In addition, a second partner reviews the audit prior to issuance of the reports.

CLA has been subject to several federal and state desk reviews by state oversight agencies during the past three years. In addition, our government audits are subject to review by each agency's Office of Inspector General, as well as the U.S. Government Accountability Office. We have not had to perform any additional procedures or had to revise or reissue any statements. In addition, there have been no disciplinary actions taken, nor are there any pending, against CLA during the past three years with any regulatory bodies or professional organizations.



Tab V – Client References for Similar Work Performed

The following projects are of similar scope to the City:

Arlington County	
Address	2100 Clarendon Blvd., Suite 501, Arlington, Virginia 22201
Client Contact	Barbara Wiley, Controller, 703-228-3432, BWiley@arlington.va.us fax 703-228-3401
Contract Name/ Scope	Financial statement audit (County and School Board) in accordance with Government Auditing Standards, Single Audit in accordance with OMB Circular A-133, CAFR, Employee Retirement System
Dollar Value of the Contract	\$231,000
Dates of Service	2002 – present
Engagement Team	Mike Stephens, Greg Bussink, Thomas Rey, Peter Loftus, Brynn Mileski, Aires Coleman

Richmond Redevelopment and Housing Authority	
Address	901 Chamberlayne Parkway, Richmond, Virginia 23220
Client Contact	Stacey Fayson, Controller, 804-780-4352, Stacey.Fayson@rrha.com fax 804-780-3481
Contract Name/ Scope	Audit of financial statements in accordance with Government Auditing Standards and A-133, and preparation of federal and state tax returns for multiple development entities
Dollar Value of the Contract	\$315,000
Length of Service	2008 – present
Engagement Team	Mike Stephens, Karen Greiner

Prince Georges County	
Address	14741 Governor Oden Bowie Drive, Upper Marlboro, Maryland 20772
Client Contact	Charles M. Curtis, Assistant Director of Finance, 301-952-3879, cmcurtis@co.pg.md.us
Contract Name/ Scope	Audits of the County, Retirement System, OPEB plan, Industrial Development Authority, 911 System, Single Audit and Agreed Upon Procedures related to the National Transit Database Filing
Dollar Value of the Contract	Approximately \$280,000 annually
Length of Service	2010 – present
Engagement Team	Keith Novak, Mike Stephens, Aires Coleman, Greg Bara



Maryland National Capital Park and Planning Commission	
Address	6611 Kenilworth Ave., Suite 300 Riverdale, Maryland 20737
Client Contact	Joe Zimmerman, Secretary Treasurer, 301-454-1537, Joe.Zimmerman@MNCPPC.ORG
Contract Name/ Scope	Financial Statement Audit of both the Commission and Employees' Retirement System
Dollar Value of the Contract	\$30,000 Annually
Length of Service	2005 - present
Engagement Team	Greg Bussink, Keith Novak, Heather Plitt, TR Rey, Brynn Mileski

Montgomery County, Maryland	
Address	101 Monroe St., 15th floor Rockville, Maryland 20850
Client Contact	Leslie Rubin, Legislative Analyst, 240-777-7879 leslie.rubin@montgomerycountymd.gov, fax 240-777-7879
Contract Name/ Scope	Financial statement audit in accordance with Government Auditing Standard and single audit in accordance with OMB Circular A-133
Dollar Value of the Contract	\$320,000
Length of Service	2008 - present
Engagement Team	Keith Novak, Cheri Amos, Aires Coleman



Tab VI – Staff Experience

KEY PERSONNEL

Detailed descriptions of key personnel and their roles within the engagement can be found in Tab III. Please see *Appendix B* for resumes and *Appendix C* for relevant professional certificates.

INDIVIDUALS RESPONSIBLE FOR CONTRACT ADMINISTRATION

Gregory Bussink will be your contact for all engagement needs. His contact information is:

4250 North Fairfax Drive, Suite 1020
Arlington, Virginia 22203
888-778-6688 phone
571-227-9552 fax
Greg.Bussink@cliftonlarsonallen.com

CUSTOMER SERVICE AND PROBLEM RESOLUTION

CLA's success is based on providing clients with excellent service on a timely basis. Therefore, Gregory Bussink, the Partner-in-Charge of your engagement will be available for routine questions – whether addressed in person, via telephone or email – at no additional charge – a welcome investment in an ongoing relationship. All of our partners and senior managers are provided with smart phones and have constant access to e-mail. In addition, you will be provided with cell phone numbers of every member of your engagement team. Team members will respond to all questions and requests on the same day that the request is made whenever possible.

The close, personal attention from our senior level personnel, combined with our low partner-to-staff ratio, sets CLA apart from many other CPA firms.



Tab VII – Required Submittal B, Key Personnel Form

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

PART IV, REQUIRED SUBMITTAL - ATTACHMENT B - KEY PERSONNEL

KEY PERSONNEL: In the spaces provided below, Proposers shall identify a minimum of two (2) key persons who would be assigned to provide contract administration. One of these two (2) individuals shall be available during normal business hours.

KEY PERSON NAME: Gregory J. Bussink, III, CPA, CGFM

TITLE: Partner

LIST QUALIFICATIONS AND EXPERIENCE:

18 years of accounting and auditing experience specializing in governmental, not-for-profit and commercial organizations. See proposal for further details.

KEY PERSON NAME: J. Michael Stephens, CPA, CFE, CGFM

TITLE: Partner

LIST QUALIFICATIONS AND EXPERIENCE:

Over 25 years of governmental auditing and accounting experience, specializing in the audits of public housing agencies and other state and local government entities. See proposal for further details.



Tab VIII – Required Submittal C, City of Alexandria Insurance Checklist Form

**REQUEST FOR PROPOSALS (RFP) # 00000247
 FOR FINANCIAL STATEMENT AUDIT AND
 INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL - ATTACHMENT C
 CITY OF ALEXANDRIA INSURANCE CHECKLIST**

I understand the Insurance Requirements and will submit a Certificate of Insurance to the City, if awarded the Contract in the amount and type as set forth below. See continuation sheets for explanation. Items marked "X" are required to be provided by Proposer, if contract award is made to your firm.

		REQUIRED COVERAGES	LIMITS (figures denote minimum limits required)
X	1.	Worker's Compensation and Employer's Liability Required when Contractor has three (3) or more employees.	Statutory limits of Commonwealth of Virginia and the state of hire for workers' compensation. \$500,000 each accident; \$500,000 each disease; \$500,000 policy limit for employer's liability. USL&H and Jones Act coverage endorsements needed for work along and on the river.
X	2.	Commercial General Liability Required on all City contracts.	\$1,000,000 combined single limit for bodily injury and property damage each occurrence. \$2,000,000 General Aggregate, \$2,000,000 Products and Completed Operations Aggregate, \$1,000,000 Personal injury and Advertising injury Aggregate. The General Aggregate should apply on a "per project" basis, if construction related. General Liability coverage should include: Premises/Operations, Independent Contractors, Contractual Liability, and Explosion, Collapse, and Underground damage (any type of construction work.) Products and Completed Operations coverage should be maintained for at least three years after the City's final acceptance of the work.
X	3.	Automobile Liability Required on all City contracts. Sole proprietor contractors must provide evidence of business endorsement on their personal auto policy in lieu of a commercial auto liability policy.	\$1,000,000 combined single limit bodily injury and property damage each accident; \$1,000,000 Uninsured and Underinsured Motorists. Must include the following: Owned, Hired and Non-Owned, \$5,000,000 Motor Carrier Act Endorsement, where applicable.
X	4.	Property Coverage Required when Contractors: A. Uses their own personal property or equipment on City property and/or	Commercial Property Policy/Builders Risk: Provide replacement cost. Should include all perils (also known as "special" or "all risks")



**REQUEST FOR PROPOSALS (RFP) # 0000247
 FOR FINANCIAL STATEMENT AUDIT AND
 INTERNAL AUDIT SERVICES**

		B. Stores or leaves equipment or personal property on City Property; and/or C. Uses materials for building NOT owned by City until installed.	including theft, flood, earthquake and terrorism. <u>Contractor's Equipment Floater:</u> Provide coverage for Contractor's mobile equipment, including road building machinery, steam shovels, hoists, and derricks or any equipment to become part of the permanent structure used on the job by builders of structures, roads, bridges and tunnels.
X	5.	Crime Policy <u>Required when Contractor:</u> A. Collects money, securities or other property on behalf of City, and/or B. Requires the use of City money, securities, or negotiable property to be in Contractor's care, custody and control and/or C. Has access to computer systems that could involve extortion, theft of monies or securities or other negotiable property.	\$1,000,000 limit for employee theft of money, securities and other property owned by the contractor. An endorsement should also be added to the policy to cover theft of the City's money, securities, or other property (third party coverage).
X	6.	Professional Liability/Errors & Omissions Required when: A. Contractor must maintain a license or special degree. B. services require high level of expertise or knowledge in a particular field to require certification or licensing. C. Law enforcement, contractors A and B services (above) typically include engineering and design services, architects, attorneys, physicians, insurance brokers and agents etc., as well as when access to any private information, electronic data or equipment owned by the City is part of the work.	\$2,000,000 each claim and aggregate. C. Where applicable \$10M Law Enforcement contractors. Coverage may be provided in the General Liability policy in some cases. (E.g. wrongful detention or arrest, etc.).
X	7.	Excess Liability/Umbrella	\$10,000,000 Per Occurrence and Aggregate for bodily injury, property damage, personal and advertising injury and products and completed operations. Limits should include an aggregate per project for construction projects. Higher limits may be required in some cases.
	8.	Garage Liability Required when the contractor takes possession of the City's owned vehicles including buses in order to repair.	\$1,000,000 bodily injury and property damage each occurrence/accident.



**REQUEST FOR PROPOSALS (RFP) # 00000247
 FOR FINANCIAL STATEMENT AUDIT AND
 INTERNAL AUDIT SERVICES**

X	9.	City of Alexandria must be named as an additional Insured on all insurance policies other than Worker's Compensation and Professional Liability and must be stated on the certificate(s) of insurance (or the certified policy, if required.) The contractor's insurance will be primary and the City's insurance or self-insurance shall be non-contributory. The Contractor should waive and require their insurers to waive by endorsement subrogation rights against the City for losses and damages incurred under the insurance policies required by the agreement. No work should be performed by contractors or subcontractors until a certificate of insurance has been submitted and approved by City to insure compliance with all insurance requirements.
	10.	Pollution Liability Coverage should be included with a \$1,000,000 limit for each occurrence, claim or pollution incident. This coverage is required of all contractors performing any type of hazardous material remediation, working with pollutants including asbestos and lead abatement, or performing underground work. Higher limits may be required in some circumstances.
X	11.	Thirty (30) day notice of cancellation, non-renewal, material change or coverage reduction is required on all policies.
X	12.	Best's Guide rating: "A-" VIII or better, or its equivalent. The insurance companies should be lawfully authorized to do business in the Commonwealth of Virginia.
X	13.	The Certificate(s) of Insurance shall state the RFP/TTB/RFQ/RFI Number and Title.

CliftonLarsonAllen LLP

Company Name Gregory J. Bussink, III

3/15/12

Proposer's Authorized Signatory
 Gregory J. Bussink, III

Date

Name and Title of Authorized Signatory



**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

ATTACHMENT C - FORM "A" INSURANCE (continuation sheet)

(Review this section carefully with your insurance agent prior to Proposal submission. See "Insurance Checklist" for specific coverage requirements applicable to the Contract).

I. General Insurance Requirements:

1. The successful Proposer shall not start work under the Contract until the successful Proposer has obtained at his/her own expense all of the insurance required under the Contract and such insurance has been approved by the City of Alexandria (City); nor shall the successful Proposer allow any subcontractor to start work on any subcontract until all insurance required of the subcontractor has been obtained and approved by the successful Proposer. Approval of insurance required of the successful Proposer and subcontractors for the City will be granted only after submission to the Purchasing Agent of original, signed certificates of insurance or, alternately, at the City's request, certified copies of the required insurance policies.
2. The successful Proposer shall require all subcontractors to maintain during the term of this agreement, Commercial General Liability insurance, Business Automobile Liability insurance, Workers' Compensation and Employers' Liability insurance and other insurance coverages as indicated in PART IV Attachment C, in the same manner as specified for the successful Proposer. Upon request, the successful Proposer shall furnish immediately subcontractors' certificates of insurance to the City.
3. All insurance policies required under the Contract shall include the following provision: Thirty (30) day notice of cancellation, non-renewal, material change or coverage reduction is required on all policies.
4. No acceptance and/or approval of any insurance by the City shall be construed as relieving or excusing the successful Proposer, or the surety, or its bond, from any liability or obligation imposed upon either or both of them by the provisions of the Contract Documents.
5. The City of Alexandria (including its officers, agents and employees) is to be listed as an additional insured on all insurance policies except Workers' Compensation and Professional Liability, which must be stated on the certificate(s) of insurance or the certified policy, if requested. Coverage afforded under this section shall be primary with respect to the City, its officers, agents and employees. The contractor's insurance will be primary and the City's insurance or self-insurance shall be non-contributory.
6. The successful Proposer/ shall provide insurance as specified in the "City of Alexandria, Virginia Insurance Checklist" Part IV Attachment C.
7. The successful Proposer covenants to save, defend, keep harmless and indemnify the City and all of its officers, agents and employees (collectively the "City") from and against any and all claims, lawsuits, liabilities, loss, damage, injury, costs (including litigation costs and attorney's fees), charges, liability or exposure, however caused, resulting from or arising out of or in any way connected with the successful Proposer's performance or nonperformance of the terms of the Contract Documents or its obligations under the Contract. This indemnification shall continue in full force and effect until the successful Proposer completes all of the Work required under the Contract, except that indemnification shall continue for all claims involving products or



**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

completed operations after final acceptance of the Work by the City for which the City gives notice to the successful Proposer after the City's final acceptance of the Work.

8. The successful Proposer shall be responsible for the Work performed under the Contract Documents and every part thereof, and for all materials, tools, equipment, appliances, and property used in connection with the Contract. The successful Proposer assumes all risks for direct and indirect damage or injury to the property or persons used or employed on or in connection with the Work contracted for, and of all damage or injury to any person or property wherever located, resulting from any action, omission, commission or operation under the Contract, or in connection in any way whatsoever with the contracted work.
9. Insurance coverage required in these specifications shall be in force throughout the Contract term. Should the successful Proposer fail to provide acceptable evidence of current insurance within seven days of written notice at any time during the Contract term, the City shall have the absolute right to terminate the Contract without any further obligation to the successful Proposer, and successful Proposer shall be liable to the City for the entire additional cost of procuring performance and the cost of performance of the uncompleted portion of the Contract at the time of termination.
10. Contractual and other liability insurance provided under the Contract shall not contain a supervision, inspection or engineering services exclusion that would preclude the City from supervising or inspecting the project. The successful Proposer shall assume all on-the-job responsibilities as to the control of persons directly employed by it and of the subcontractors and any persons employed by the subcontractor.
11. Nothing contained in the specifications shall be construed as creating any contractual relationship between any subcontractor and the City. The successful Proposer shall be fully responsible to the City for the acts and omissions of the subcontractors and of persons employed by them as it is for the acts, commissions and omissions of persons directly employed by it.
12. Precaution shall be exercised by the successful Proposer at all times for the protection of persons, (including employees) and property. All existing structures, utilities, roads, services, trees, and shrubbery shall be protected against damage or interruption of service at all times by the successful Proposer and its subcontractors. The successful Proposer/shall be held responsible for any damage to persons (including employees) and property occurring by reason of its operation on the property.
13. If the successful Proposer does not meet the insurance requirements of the specifications, alternate insurance coverage, satisfactory to the City's Purchasing Agent, may be considered. Written request for consideration of alternate coverage shall be received by the City's Purchasing Agent at least (10) ten working days prior to the date set for opening the Proposals. If the City denies the request for alternate coverage, the specified coverage will be required to be submitted. If the City permits alternate coverage, an amendment to the insurance requirements will be prepared and distributed prior to the time and date set for Proposal openings.
14. All required insurance coverage shall be acquired from insurers authorized to do business in the Commonwealth of Virginia and acceptable to the City. The insurers shall have a policyholders' rating of "A-" or better, and a financial size of "Class VIII" or better in the latest edition of Best's Insurance Reports, unless the City grants specific approval for an exemption, in the same manner as described in section 13 above.



**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

15. The City will consider deductible amounts as part of its review of the financial stability of the Proposer any deductibles shall be disclosed in the Proposal, and all deductibles will be assumed by the successful Proposer.

II. Successful Proposer's Liability Insurance - "Occurrence" Basis:

1. The successful Proposer shall purchase and maintain in a company or companies authorized to do business in the Commonwealth of Virginia, and acceptable to the City such insurance as will protect the successful Proposer and the City from claims set forth below which may arise out of or result from the successful Proposer operations under the Contract, whether such operations are by the successful Proposer or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:
- A. Claims under Workers' Compensation, disability benefits and other similar employee benefit acts;
 - B. Claims for damages because of bodily injury, occupational sickness or disease, or death of successful Proposer's employees.
 - C. Claims for damages because of bodily injury, sickness or disease, or death of any person other than successful Proposer's employees.
 - D. Claims for damages insured by usual Personal Injury Liability coverage which are sustained by any person as a result of an offense directly or indirectly related to the employment of such person by the successful Proposer, or by any other person;
 - E. Claims for damages, other than to the Work itself (but only to the extent of coverage under any Builders' Risk or other property form, if applicable) because of injury to or destruction of tangible property, including loss of use resulting there from;
 - F. Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance of use of any owned, hired, or non-owned motor vehicle;
2. The specific insurance policies required to cover the claims listed above in subsection II. 1 shall include terms and provisions, and be written for not less than the limits of liability, (or greater limits if required by law or contract) as shown on the "City of Alexandria, Virginia Insurance Checklist" contained in the Request for Proposals documents.
- A. Commercial General Liability - Such Commercial General Liability policy shall include any or all of the following as dictated on the "City of Alexandria, Virginia Insurance Checklist":
 - i. Premises/Operations;
 - ii. Actions of Independent Contractors;
 - iii. Products/Completed Operations to be maintained for three years after completion of the Work;
 - iv. Contractual liability including protection for the successful Proposer/ from claims arising out of liability assumed under the Contract, and including Automobile Contractual Liability;
 - v. Personal Injury and Advertising Injury Liability
 - vi. Explosion, Collapse or Underground hazards;



**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

3. Commercial Automobile Liability including Uninsured Motorist's and Underinsured Motorists coverage.
4. Workers' Compensation - statutory benefits as required by Virginia law or the U.S. Longshoremen's and Harbor Workers' Compensation Act, or other laws as required by labor union agreements, including standard Other States coverage; and Employers' Liability coverage.

III. Commercial General or other required Liability Insurance - "Claims Made" Basis

1. If Commercial General or other liability insurance purchased by the successful Proposer has been issued on a "claims made" basis, the successful Proposer shall comply with the following additional conditions. The limits of liability and the extensions to be included as described in the "City of Alexandria, Virginia Insurance Checklist" remain the same. However, the successful Proposer shall either:
 - (a) Agree to provide the certificates of insurance evidencing the above coverage for a period of three years after final payment for the Contract. This certificate shall evidence a retroactive date, no later than the beginning of the successful Proposer or subcontractors Work under the Contract; or
 - (b) Purchase a three year extended reporting period endorsement for the policy or policies in force during the term of the Contract as evidence of the purchase of this extended reporting period endorsement by means of a certificate of insurance or a certified copy of the endorsement itself.



Tab IX – Required Submittal D, Required Proposer Information Form

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL - ATTACHMENT D
REQUIRED INFORMATION FORM**

Each Proposer submitting a response to this Request for Proposals shall provide the following information:

1. Minority Business Firm Yes [] No [] Partnership Yes [x] No []
Small Business Firm Yes [] No [] Corporation Yes [] No []
Sole Proprietorship Yes [] No []

2. Sole proprietorships and partnerships shall provide the following information:

Name CliftonLarsonAllen LLP
Address 4250 North Fairfax Drive, Suite 1020
City Arlington
State and Zip Code Virginia 22203

Partnerships shall provide this information for all partners.

3. If the Proposer is a corporation, please provide the following:

State of Incorporation _____
Charter number of the Virginia Certificate of Incorporation Authority _____ Date
of Incorporation _____

Foreign corporations desiring to transact business in the Commonwealth of Virginia shall register with the State Corporation Commission in accordance with Section 13.1-757 of the Code of the Commonwealth of Virginia, as amended.

4. Each corporation shall provide the names of the following officers:

President _____

Vice-President _____

Secretary _____

Treasurer _____

Registered Agent _____

CliftonLarsonAllen LLP
COMPANY NAME



Tab X – Required Submittal E, Certified Statement of Non-Collusion Form

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL -ATTACHMENT E
CERTIFIED STATEMENT OF NON-COLLUSION**

A. This is to certify that the undersigned is seeking, offering or agreeing to transact business or commerce with the City of Alexandria, a municipal corporation of Virginia, or seeking, offering or agreeing to receive any portion of the public funds or moneys, and that the offer or agreement or any claim resulting therefrom is not the result of, or affected by, any act of collusion with another person engaged in the same line of business or commerce; or any act of fraud punishable under Article 1.1 (Virginia Governmental Frauds Act), Chapter 12 (Miscellaneous), Title 18.2 (Crimes and Offenses Generally) of the Code of Virginia (1950), as amended.

B. This is to further certify that the undersigned has read and understands the following:

- (1) The City is authorized by Section 18.2-498.4 of the Code of Virginia (1950) as amended, to require this certified statement. That section also provides that any person required to submit this statement that knowingly makes a false statement shall be guilty of a Class 6 felony.
- (2) Section 18.2-498.3 of the Code of Virginia (1950), as amended, provides that any person, in any commercial dealing in any matter within the jurisdiction of any local government or any department or agency thereof, who knowingly falsifies, conceals, misleads, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be guilty of a Class 6 felony.
- (3) Section 59.1-68.7 of the Code of Virginia (1950), as amended, provides that any combination, conspiracy or agreement to intentionally rig, alter or otherwise manipulate, or to cause to be rigged, altered or otherwise manipulated, any Proposal submitted to any governmental unit for the purpose of allocating purchases or sales to or among persons, raising or otherwise fixing the prices of goods or services, or excluding other persons from dealing with the state or any other governmental unit shall be unlawful. Any person violating the foregoing shall be guilty of a Class 6 felony.

SIGNATURE _____

Bryon J. Busiale III



Tab XI – Required Submittal F, Disclosures Relating to City Officials and Employees
Form

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

**PART IV, REQUIRED SUBMITTAL - ATTACHMENT F
DISCLOSURES RELATING TO CITY OFFICIALS AND EMPLOYEES**

A. I hereby state that, as of this date (check one):

- (x) Our firm has no reason to believe that any member of the City Council, any official or employee of the City, or any member of any commission, committee, board or corporation controlled or appointed by the City Council has already received, in connection with or related in any way to the Contract, or has been promised, in the event the Contract is awarded to the firm, any commission, finder's fee or other thing of value.
- () Our firm has reason to believe that any member of the City Council, any official or employee of the City, or any member of any commission, committee, board or corporation controlled or appointed by the City Council has already received, in connection with or related in any way to the Contract, or has been promised, in the event the Contract is awarded to the firm, any commission, finder's fee or other thing of value.

B. I hereby state that, as of this date:

- (x) Our firm has no reason to believe that any member of the City Council or any official or employee of the City would or may be financially affected, whether affirmatively or negatively, and whether personally or through a spouse or other family member, if the Contract were awarded to the firm.
- () Our firm has reason to believe that any member of the City Council or any official or employee of the City would or may be financially affected, whether affirmatively or negatively, and whether personally or through a spouse or other family member, if the Contract were awarded to the firm.

Gregory J. Bussink, III

3/15/12

Signature

Date

Gregory J. Bussink, III

Name

Partner

Title/Position

CliftonLarsonAllen LLP

Name of Firm



Tab XII – Required Submittal G, Equal Employment Opportunity Agreement Form

REQUEST FOR PROPOSALS (RFP) # 00000247 FOR FINANCIAL STATEMENT AUDIT AND INTERNAL AUDIT SERVICES

PART IV, REQUIRED SUBMITTAL - ATTACHMENT G EQUAL EMPLOYMENT OPPORTUNITY AGREEMENT

The Contractor hereby agrees:

- (1) Not to discriminate against any employee or applicant for employment on account of race, color, religion, sex, ancestry, national origin, marital status, age, sexual orientation, or handicap, except as is otherwise provided by law.
- (2) Implement an affirmative action employment program as defined in section 12-4-3 of the Code of the City of Alexandria, Virginia, 1981, as amended, to ensure non-discrimination in employment under guidelines to be developed by the commission and approved by the City Council.
- (3) To include in all Proposals or advertisements for employees placed by or in behalf of the contractor the words "Equal Opportunity Employer" or a symbol, approved by the Alexandria Human Rights Commission, meaning the same.
- (4) To notify each labor organization or representative of employees with which said Contractor is bound by a collective bargaining agreement or other contract of the Contractor's obligations pursuant to this equal employment opportunity clause.
- (5) To submit to the City Manager and the City's Human Rights Administrator, upon request, no more frequently than annually, regular equal employment opportunity reports on a form to be prescribed by the City Manager.
- (6) To make reasonable accommodation to the known physical or mental limitations of an otherwise qualified handicapped applicant or employee unless the Contractor can demonstrate that the accommodation would impose an undue hardship on the operation of the Contractor's business. factors to be considered include but are not limited to, the following:
 - a. the overall size of the Contractor's business with respect to the number of employees, the number and type of facilities and size of budget;
 - b. the type of the Contractor's operation, including the composition and structure of the contractor's work force; and
 - c. the nature and cost of the accommodation needed.

Contractor may not deny any employment opportunity to a qualified handicapped employee or applicant if the basis for the denial is the need to make reasonable accommodation to the physical or mental limitations of the employee or applicant.



**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

(7) To include the provisions in sections (1) through (6) hereof in every subcontract so that such provisions will be binding upon each subcontractor.

(8) In the event of the Contractor's non-compliance with any provision, upon a finding of such non-compliance by the City's Human Rights Commission and certification of such finding by the City Manager, the City Council may terminate or suspend or not renew, in whole or in part, the Contract.

<u>CliftonLarsonAllen LLP</u>	<u>3/15/12</u>
Company Name	Date
<u><i>Gregory J. Anisak III</i></u>	<u>Partner</u>
Signature	Title



Tab XIII – Required Submittal H, W-9 Request for Taxpayer Identification Number and Certification Form

**REQUEST FOR PROPOSALS (RFP) # 00000247
 FOR FINANCIAL STATEMENT AUDIT AND
 INTERNAL AUDIT SERVICES**

Form **W-9**
 (Rev. January 2011)
 Department of the Treasury
 Internal Revenue Service

**Request for Taxpayer
 Identification Number and Certification**

Give Form to the
 requester. Do not
 send to the IRS.

Name (as shown on your income tax return)
CliftonLarsonAllen LLP

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification (required):
 Individual/sole proprietor
 C Corporation
 S Corporation
 Partnership
 Trust/estate

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) >

Other (see instructions) > **Limited Liability Partnership**

Address (number, street, and apt. or suite no.)
6515 Deereco Road, Suite 600

City, state, and ZIP code
Timonium, MD 21093

Requester's name and address (optional)

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Notes. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number									
				-					
Employer identification number									
4	1	-	0	7	4	6	7	4	9

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here: *Laura A. Hawk* Date >

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

Tab XIV – Acceptance of Conditions

**REQUEST FOR PROPOSALS (RFP) # 00000247
FOR FINANCIAL STATEMENT AUDIT AND
INTERNAL AUDIT SERVICES**

ATTACHMENT I - PROPOSER'S PRICE PROPOSAL

NAME AND ADDRESS OF PROPOSER (type or print):

Gregory J. Bussink, III, CPA, CGFM, Partner
CliftonLarsonAllen LLP
4250 Fairfax Drive, Suite 1020
(Street)
Arlington, VA 22203
(City) (State) (Zip Code)
By *Gregory J. Bussink, III*
(Signature in Ink)
Gregory J. Bussink, III, Partner
(Type or Print Name and Title)

Telephone Number 888-778-6688
Facsimile 571-227-9552
Date 3/15/12

CHECK APPROPRIATE BOX:

- INDIVIDUAL
- PARTNERSHIP
- CORPORATION
- JOINT VENTURE

STATE OF VA

PROMPT PAYMENT TERMS Net 30

NOTE: City shall reimburse contractor for mutually agreed direct costs in accordance with the applicable Purchase Order. Car mileage will be paid at the City's rate, which is currently \$0.50 cents per mile. Airfare will be reimbursed at coach rates only. Hotel accommodations rates will require prior City approval as will all rates/direct costs related to the Contract.



Tab XV – Appendices



APPENDIX A - PEER REVIEW REPORTS



System Review Report

To the Partners of
Clifton Gunderson LLP
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of Clifton Gunderson LLP (the firm) applicable to non-SEC issuers in effect for the year ended July 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based upon our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Clifton Gunderson LLP applicable to non-SEC issuers in effect for the year ended July 31, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Clifton Gunderson LLP has received a peer review rating of *pass*.

Weaver and Tidwell, LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 3, 2010

AN INDEPENDENT
MEMBER FIRM OF THE
NETWORK OF AICPA

WEAVER AND TIDWELL LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
1000 WEAVER DRIVE

DALLAS
1000 WEAVER DRIVE, SUITE 1000
DALLAS, TEXAS 75201-4000





System Review Report

To the Principals of LarsonAllen LLP
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of LarsonAllen LLP (the firm) applicable to non-SEC issuers in effect for the year ended March 31, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*: audits of employee benefit plans, and an audit performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice applicable to non-SEC issuers of LarsonAllen LLP in effect for the year ended March 31, 2010 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. LarsonAllen LLP has received a peer review rating of *pass*.

Clifton Gunderson LLP

August 13, 2010



APPENDIX B - RESUMES



Gregory Bussink

Engagement Partner

RELEVANT EXPERIENCE

- Managed the following state, local, and federal governmental agencies:
 - Charles County, Maryland
 - Arlington County, Virginia
 - Stafford County, Virginia
 - Virginia Office of Emergency Management Services
 - Northern Virginia Regional Commission
 - Maryland-National Capital Park & Planning Commission
 - City of Greenbelt, Maryland
 - City of Takoma Park, Maryland
 - City of Gaithersburg, Maryland
- Performed audits of nonprofit organizations, including organizations serving the developmentally disabled, HUD assisted projects, community service organizations and membership organizations
- Planned and performs single audit procedures conducted in state and local government and nonprofit engagements
- Performed audits, reviews and consulting for government contractors, including assisting with calculation of overhead rates and compliance with Federal Acquisition Regulations and state equivalents
- Performed audit of mortgage lender/broker
- Performed audits of employee benefit plans
- Planned and prepares corporate federal and state income tax returns, with emphasis on multi-state issues
- Assisted in the design, evaluation, and installation of accounting systems
- Managed audits of U.S. Chapter 7 Bankruptcy trustees under contract with the Administrative Office of the United States Courts
- Managed CFO Act audits of six U.S. Department of Health and Human Services (DHHS) operating divisions, including the Administration for Children and Families, Administration on Aging, Health Resources and Services Administration, Indian Health Service, Program Support Center, and Substance Abuse and Mental Health Services Administration
- Provided consulting services to the DHHS Federal Occupational Health Service in the evaluation of the effectiveness of the organization's budgeting and billing operations
- Performed program management elements audits of major acquisition programs while employed by the Department of Defense, Office of the Inspector General. Areas of responsibility included contracting, requirements determination, and compliance with the Federal Financial Management Improvement Act (FFMIA)
- Utilized computer assisted audit techniques (CAATs) to improve effectiveness and efficiency on audit engagements

AREAS OF SPECIALIZATION

- Commercial auditing and accounting
- Governmental auditing, accounting, and consulting with an emphasis on state, local and federal agencies
- Not-for-profit auditing and accounting
- Small business advisory services

EDUCATION

- Bachelor of Science, Accounting, Bowie State University

PROFESSIONAL ORGANIZATIONS

- American Institute of Certified Public Accountants, Member
- Maryland Association of Certified Public Accountants, Not-for-Profit Committee Member
- Association of Government Accountants, Member
- Government Finance Officers Association, Member

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant, Virginia, 31475
- Certified Public Accountant, Maryland, 21112
- Certified Public Accountant, Washington DC, CPA901682

CONTINUING PROFESSIONAL EDUCATION

Annually participates in a minimum of 40 hours of CPE.



Thomas Rey, CPA

Pension Plans-Partner

RELEVANT EXPERIENCE

- Audit manager of employee benefit plans, including
 - State of Florida Retirement System
 - Pennsylvania Public School Employees' Retirement System
 - Pennsylvania State Employees' Retirement System
 - Public Employees' Retirement System of Nevada
 - State Retirement and Pension System of Maryland
 - State of Wisconsin Deferred Compensation Plan
 - State of Pennsylvania Deferred Compensation Program
 - University of Maryland Medical System Employee Benefit Plan
 - Maryland-National Capital Park and Planning Commission Employees Retirement System
 - New York State Deferred Compensation Board
 - Arlington County Retirement System
 - City of Phoenix, Arizona Deferred Compensation Plans
 - Maryland Supplemental Retirement Plans
- Experienced in reconciling retirement plans in order to complete Form 5500 filings
- Oversees various nonprofit engagements including audits of providers to the developmentally disabled and athletic associations
- Audit manager for commercial audits with an emphasis on manufacturers, wholesalers and service industries
- Performed compilations and reviews of financial statements for closely held businesses
- Prepared tax returns for corporations, partnerships and limited liability companies
- Prepared individual tax returns for general partners and investors ranging in degree of complexity
- Prepared and researches tax reporting in non-U.S. jurisdictions
- Performed research and consulting on the structure and operations of offshore commodity pools, investment entities, and passive foreign investment companies

AREAS OF SPECIALIZATION

- Governmental auditing and accounting with an emphasis on federal, state and local agency pension plans and retirement systems
- Retirement and employee benefit plan audits
- Nonprofit auditing and accounting services
- Commercial auditing and accounting services with an emphasis on manufacturers, wholesalers and service industries
- Health care auditing and accounting with extensive experience in multiple forms of reimbursement
- Computer assisted auditing tools, including ACL and IDEA

EDUCATION

- Bachelor of Science, Accounting, Salisbury State University



PROFESSIONAL ORGANIZATIONS

- Government Finance Officers Association - Member
- American Institute of Certified Public Accountants - Member
- Maryland Association of Certified Public Accountants - Member
- Public Pension Financial Forum (P2F2) - Member
- National Council of Real Estate Investment Fiduciaries (NCREIF) - Accounting & Valuation Committees Member
- National Association of Governmental Deferred Compensation Administrators (NAGDCA) - Member

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant, Maryland, 34162
- AICPA Member, , 4174658

CONTINUING PROFESSIONAL EDUCATION

- In excess of 40 hours annually
- Receives in excess of 24 hours annually and 80 hours in total every two years qualified under Generally Accepted Government Auditing Standards

J. Michael Stephens, CPA, CFE, CGFM

Engagement Partner

RELEVANT EXPERIENCE

- Governmental auditing and accounting with an emphasis on federal and local agencies, including the following
 - Counties
 - Public school systems
 - Public housing authorities
 - Transportation authorities
 - Finance authorities
 - Single audits of local government entities and nonprofits
 - Libraries
 - Auditing services for the federal court system including contracts with the Administrative Office of the U.S. Courts internal audits of individual federal district courts, bankruptcy courts, and bankruptcy trustees
- Served as partner-in-charge or has managed the audits and other attestation engagements of the following engagements:
 - Arlington County, Virginia
 - Virginia Tobacco Settlement Financing Corporation
 - Richmond Redevelopment & Housing Authority
 - Northern Virginia Regional Commission
 - Virginia Resources Authority
 - Fairfax County Redevelopment and Housing Authority
 - Washington Metropolitan Transportation Authority
 - International Mission Board
 - Charles County, Maryland
 - Anne Arundel County, Maryland
 - Housing Opportunities Commission of Montgomery County, Maryland
- Provides consulting services to public housing authorities
- CFO Act audits for the Office of Thrift Supervision, Financial Management Service, Food and Drug Administration, Public Health Service, and National Institutes of Health
- Auditing services under contract with the IG of the FDIC, RTC, U.S. Agency for International Development, and the Library of Congress Asset valuation reviews for the FDIC and RTC
- Performed audits of financial institutions with assets up to \$500 million
- Performed fraud investigations and damage calculations for government, for-profit and not-for-profit entities including the following
 - Investigation and testimony related to a bankruptcy trustee fraud totaling approximately \$1 million, which included assisting the FBI in developing evidence for criminal prosecution
 - Investigation, damage calculation and testimony related to employee fraud of commercial entities including savings and loans, real estate companies, restaurants and contractors
- Agreed-upon procedures to ensure contractor compliance with requirements for construction contracts and service agreements. Work resulted in recoveries from contractors for overpayments in excess of \$3,000,000

- Served as partner responsible for numerous family-owned and closely held businesses including audits, reviews, corporate taxes, and business consulting; Serve as partner of various types of nonprofit engagements including audits of private schools, community housing entities, religious organizations, and trusts

AREAS OF SPECIALIZATION

- Governmental auditing and accounting services with an emphasis on federal, state and local entities, including housing agencies and single audits
- Commercial auditing and accounting services with an emphasis on financial institutions, wholesale distributors and construction contractors
- Nonprofit auditing and accounting services; Litigation support services with an emphasis on fraud damages

EDUCATION

- Bachelor of Arts, Accounting, Loyola College

PROFESSIONAL ORGANIZATIONS

- American Institute of Certified Public Accountants, Member
- Maryland Association of Certified Public Accountants, Member
- Association of Government Accountants, Member
- Association of Certified Fraud Examiners, Member

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant
- Certified Fraud Examiner
- Certified Governmental Financial Manager

SPEAKING ENGAGEMENTS

- Public Housing Authorities Director's Association
- Maryland Association of Nonprofit Organizations
- Maryland Association of CPA's
- Virginia Association of Public Housing

CONTINUING PROFESSIONAL EDUCATION

Annually participates in a minimum of 40 hours of CPE.



Heather Plitt, CPA

Retirement Plan Specialist
Manager

RELEVANT EXPERIENCE

- During her career, Heather has developed a specialty in governmental audit and accounting with an emphasis on state and local government pension systems. Her key clients currently include:
 - State of Wisconsin Deferred Compensation Plan
 - Federal Retirement Thrift Investment Board - Thrift Savings Plan
 - State of Nevada Deferred Compensation Plan and FICA Alternative Plan
 - District of Columbia Retirement Board
 - State of Nevada Public Employees' Retirement System
 - MNCPPC Employees' Retirement System
 - Office of the Comptroller of the Currency 401(k)
 - Office of Thrift Supervision 401(k)
 - US Army FMRWC 401(k)
 - US Army FMRWC Retirement Plan

AREAS OF SPECIALIZATION

- Auditing for employee benefit plans, including defined contribution, defined benefit, and health and welfare plans
- Governmental auditing and accounting with an emphasis on state and local agencies, including Single Audits
- Nonprofit auditing and accounting, including Single Audits
- Auditing and accounting for financial institutions, including both banks and credit unions

EDUCATION

- Bachelor of Science, Accounting, University of Baltimore

PROFESSIONAL ORGANIZATIONS

- Maryland Association of Certified Public Accountants
- Virginia Association of Certified Public Accountants
- American Institute of Certified Public Accountants

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant

COMMUNITY INVOLVEMENT

- "Clifton Gives Back" Volunteer Group - member

CONTINUING PROFESSIONAL EDUCATION

- In excess of 40 hours annually
- Receives in excess of 24 hours annually and 80 hours in total every two years qualified under Generally Accepted Government Auditing Standards

Aires Coleman, CPA

Single Audit Specialist

RELEVANT EXPERIENCE

- Performed OMB Circular A-133 single audits for a variety of governmental entities, with a concentration on educational organizations
- Government experience that encompasses progressive professional supervisory skills
- Experienced with policies/procedures for financial preparation, reporting, and reconciliation as well as other financial duties/responsibilities
- Proficient knowledge of government accounting, Generally Accepted Accounting Principles (GAAP) and Generally Accepted Government Auditing Standards (GAGAS)
- Key clients include the following:
 - Arlington County, Virginia
 - Montgomery County, Maryland
 - Montgomery County, Maryland Public Schools
 - Queen Anne's County, Maryland
 - Baltimore County, Maryland
 - Maryland-National Capital Park & Planning Commission
 - City of Takoma Park, Maryland
 - Washington Metropolitan Area Transit Authority
 - Howard County, Maryland Public Schools

AREAS OF SPECIALIZATION

- Governmental auditing and accounting with an emphasis on federal, state, and local agencies OMB Circular A-133 single audits

EDUCATION

- Bachelor of Science, Business Administration, University of Maryland

PROFESSIONAL ORGANIZATIONS

- Maryland Association of Certified Public Accountants, Member
- American Institute of Certified Public Accountants, Member

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant, Maryland, 33620

COMMUNITY INVOLVEMENT

- Linden Heights United Methodist Church finance and mission committee, Member



CONTINUING PROFESSIONAL EDUCATION

Annually participates in a minimum of 40 hours of CPE.

John E. Homan, CPA

Senior Manager

RELEVANT EXPERIENCE

- CFO Act and Other Federal Audits
- U.S. Department of Housing and Urban Development, Government National Mortgage Association (GNMA). Manage the Financial Audit for the \$17 Billion Agency in accordance with Government Auditing Standards and Generally Accepted Accounting Principles.
- U.S. Department of the Treasury. Managed the Work of Others Section of the financial audit of the Consolidated U.S. Department of Treasury. Developed the risk profile and retest work requirements for the seven agency audits included in the Principal Auditor's opinion in accordance with Government Auditing Standards and the CFO Act.
- U.S. Department of Veterans Affairs. Managed the Insurance audit Section of the financial audit of the \$100 billion Agency in accordance with Government Auditing Standards and the CFO Act
- U.S. National Credit Union Administration. Managed the financial audit of the Agency and its separate reporting entities in accordance with the Yellow Book and accounting principles generally accepted in the United States.
- U.S. Department of the Interior Fish and Wildlife Service. Managed the financial audit in compliance with Government Auditing Standards and the CFO Act for the \$4 billion Fish and Wildlife Service.
- Board of Governors of the Federal Reserve of the United States. Managed the financial audit of the Board and the Federal Financial Institutions Examination Council in accordance with generally accepted accounting principles.
- U.S. Department of the Treasury Financial Crimes Enforcement Network (FINCEN). Served as manager of the audit of the Financial Crimes Enforcement Network to express an opinion on the fairness of the Bureau's financial statements in accordance with FASAB standards and the CFO Act.

CAFR and Single Audits

- City of Falls Church, VA. Managed the Financial Statement Audit of the City and its \$200 million in assets in accordance with Government Auditing Standards and the Single Audit for all Federal funds received by the city.
- Prince George's County, MD. Managed teams which completed the Financial Statement audit of the County, its \$4.8 billion in assets, and the Prince George's County Housing and Revenue Authorities, all in accordance with Government Auditing Standards. Prepared Single Audit Reports on Internal Control in accordance with GAGAS and Compliance with Requirements Applicable Programs under OMB A-133.
- Employee Benefit Plan Audits
- Employee Benefit Plan in accordance with generally accepted accounting principles and U.S. Department of Labor and SEC regulations for Nextel Communications, Otsuka Pharmaceutical and the International Organization of Masters, Mates and Pilots.
- Advisory and Consulting Engagements including Performance Audits and Sarbanes Oxley / A-123



Internal Control Engagements

- **Montgomery County, MD.** Managed the internal audit outsourcing program of the County Office of Internal Audit including engagements to:
 - Develop a County Wide Enterprise Risk Assessment and a four year multi-audit plan.
 - Assess internal controls in the County Department of Treasury
 - Assess internal control over Police Overtime
 - Assess internal control over cost reimbursement contracting in the Department of Health and Human Services
 - Complete a forensic audit of the cash collection operations of the County Department of Transportation
 - Assess internal controls over the County Tuition Assistance Program in the Office of Human Resources
 - Review Pension expenditures and calculations for the County Defined Benefit Pension Plans.
 - Assess internal controls over County Purchase Card activities
- **U.S. Federal Communications Commission Universal Access Corporation.**
- **Completed audits of grants issued by the Universal Services Access Corporation (USAC) to school districts in Virginia to provide an independent assessment of selected beneficiaries' compliance with the regulations governing the \$2 Billion USAC program and to identify any improper payments.**
- **U.S. Nuclear Regulatory Commission.**
- **Managed an Internal Control Monitoring and Support engagement in accordance with the requirements of OMB Circular A-123. Directed a staff that reviewed and critiqued existing corrective action plans, reviewed existing documentation of selected processes and then developed and executed control tests for key identified controls.**
- **U.S. Department of Homeland Security-US Coast Guard.**
- **Directed a team which evaluated the integrity of Corrective Action Plans (CAPs) being implemented by the US Coast Guard of the U.S. Department of Homeland Security in the areas of Entity Level Controls, Financial Reporting, Employee Benefit Liabilities and Fund Balance with Treasury. Reviewed each of the CAPs for the identification of the underlying root cause of the problem, the completeness of the remediation plan, whether proper accountability for results had been established.**
- **United States Department of Health and Human Services Health Resources and Services Administration.**
- **Developed an Indirect Costing Model to allow the \$ 9 billion agency to comply with OMB Circular A-133 U.S. Pension Benefit Guaranty Corporation.**
- **Completed a Performance Audit of the process to issue Initial Determination Letters of Defined Benefit Plan Benefits.**
- **Dollar Tree Stores.**
- **Managed a team that completed an internal control evaluation and assessment of all major internal control processes under the Sarbanes-Oxley Act.**
- **Peer and Quality Reviews:**

- U.S. Government Accountability Office.
- Served on the review team for the triennial peer review of the U.S. Government Accountability Office.
- U.S. Legal Services Corporation
- Conducted Quality Control Reviews of the Independent Public Accounting Firms who completed financial audits of LSC recipients in the States of Maryland and Louisiana.

AREAS OF SPECIALIZATION

- Financial Auditing for Federal, State and Local and Commercial entities
 - CFO Act , Component Unit and Independent Agency Federal Audits
 - CAFR and Single audits for State and Local entities
 - Employee Benefit Plan audits
- Advisory and Consulting Engagements including performance audits
- Peer and Quality Reviews

EDUCATION

- Bachelor of Science, Economics, Georgetown University
- Masters of Business Administration, Finance, Columbia University

PROFESSIONAL ORGANIZATIONS

- Association of Government Accountants
 - Senior Vice President and Member National Executive Committee, 2011-present
 - Regional Vice President, Capital Region, 2007-2010
 - President, Northern Virginia Chapter, 2006-07
 - Citizen Centric Report Reviewer, 2009-present
- American Institute of Certified Public Accountants, member
- Virginia Society of Certified Public Accountants, member
- American Society of Military Comptrollers, member

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant

COMMUNITY INVOLVEMENT

- MS Walk, Northern Virginia AGA, 2006, 2007



HONORS/AWARDS

- National Platinum Regional Vice President Award, AGA, 2009
- National Platinum Chapter President Award, AGA, 2007
- Regional Vice President's Award, AGA 2007
- Chapter President's Award, Northern Virginia AGA, 2005

PUBLICATIONS

- "Utility Depreciation: An Inequity" California Management Review, October, 1981

CONTINUING PROFESSIONAL EDUCATION

Annually participates in a minimum of 40 hours of CPE.



Joel Eshleman, CISA, CIA, ACP

IT Assurance & Advisory - Senior Manager

RELEVANT EXPERIENCE

- Performed business process and implementation risk review
- Managed 6,000 hours of audit activity including information technology controls audits, third-party servicer audits, business advisory projects, and data analytics
- Communicated noted audit issues to client executive management and worked with management to identify appropriate corrective actions
- Drafted communications to internal and client management detailing the results of the audit
- Assisted clients with the implementation of Approva/BizRights rule books in conjunction with Sarbanes-Oxley Act activities
- Performed business process and regulatory compliance audits
- Performed internal fraud investigations
- Managed the IT audit over the following clients:
 - Richmond Redevelopment Housing Authority
 - Housing Authority of Baltimore City
 - New Jersey Housing and Mortgage Finance Authority
 - Pennsylvania Municipal Retirement System
 - Pennsylvania Public School Employees Retirement System
 - Commonwealth of Pennsylvania
 - State of South Carolina
 - Baltimore County, Maryland
 - Marriott Employees Federal Credit Union

AREAS OF SPECIALIZATION

- Information technology and business process internal control reviews and audits
- Systems:
 - Oracle Enterprise Suite
 - Data Warehouse

EDUCATION

- Bachelor of Science, Accounting, York College Pennsylvania

PROFESSIONAL ORGANIZATIONS

- Information Systems Audit and Control Association - member
- Institute of Internal Auditors - member

PROFESSIONAL CERTIFICATIONS

- Certified Information Systems Auditor
- Certified Internal Auditor



CONTINUING PROFESSIONAL EDUCATION

- In excess of 40 hours annually
- Receives in excess of 24 hours annually and 80 hours in total every two years qualified under Generally Accepted Government Auditing Standards.

Alexander Strate, CPA

Senior Audit Specialist
Staff

RELEVANT EXPERIENCE

- Key clients include the following:
 - Montgomery County, Maryland
 - Prince George's County, Maryland Public Schools
 - Washington Metropolitan Area Transit Authority(WMATA)
 - Baltimore County, Maryland Public Schools
 - Anne Arundel County, Maryland Public Schools
 - Queen Anne's County, Maryland
- Performed financial analysis for government audit clients
- Performed participant data testing for 401(k) benefit plans, SEC clients and not-for-profit organizations

AREAS OF SPECIALIZATION

- Auditing and accounting with an emphasis on governmental agencies and not-for-profit organizations including OMB Circular A-133 audits
- Auditing and accounting with an emphasis on commercial clients

EDUCATION

- Bachelor's Degree, Accounting, Villa Julie College

PROFESSIONAL CERTIFICATIONS

- Certified Public Accountant

PROFESSIONAL ORGANIZATIONS

- American Institute of Certified Public Accountants, CPA Candidate/Student Affiliate member

CONTINUING PROFESSIONAL EDUCATION

- In excess of 40 hours annually
- Receives in excess of 24 hours annually and 80 hours in total every two years qualified under Generally Accepted Government Auditing Standards



APPENDIX C - PROFESSIONAL CERTIFICATIONS



Virginia Board of Accountancy

Name: CPA Licensee Services

Licensee Details

Demographic Information

Name: C/Mont/Lanza/Allen LLP

Address Information

Line 1: 2600 South Lacey Street

Line 2: Suite 150

Line 3:

Line 4: Arlington VA 22206

County: Arlington

Country: United States

License Information

Lic #: 133702

Profession: Accountancy

Type: Certified Public Accountant Firm

Status: Active

Issued: 8/1/2006

Expiration: 6/30/2012



Virginia Board of Accountancy

Home > CPA Licensure Services > Online Services

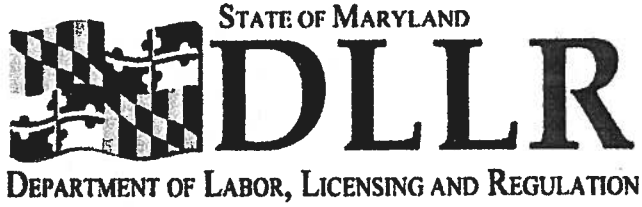
CPA Licensure Services

- Select a license name from the list for more information. Click the page numbers below the list to see additional pages.
- Use the Search for a Person or Search for a Facility button to return to the Search page.
- Use the Download button to download your search results list.
- Use the Preview button to view the format of a download.

Name	License #	Status	City	State	ZipCode
BUSSINK, GREGORY JOHN, III	31475	Active	ELLCOTT CITY	MD	210420000



Results for Active Licensed Certified Public Accountants: 1



Results for Active Licensed Certified Public Accountants: 1

The following results do not include current licensees who are on inactive status.

Name	Address	City	State	Zip	Expiration	Category	Reg. #
THOMAS R REY JR	10379 WETHERBURN ROAD	WOODSTOCK	MD	21163	2013-02-13	ACTIVE C.P.A.	34162

[\[NEW SEARCH FOR ACTIVE LICENSED INDIVIDUALS\]](#)

[\[Home\]](#) [\[Return to Licensing Queries\]](#)



11/03/2011

State of Maryland

4,187,778

Department of Labor, Licensing and Regulation
MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY

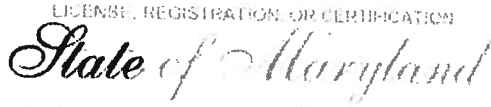
12 01 13700 JAMES MICHAEL STEPHENS 6125 11-02-2011
!!!!SPECIAL ANNOUNCEMENT FOR CPA LICENSE HOLDERS!!!!
!! YOU MAY NEED TO HAVE A PEER REVIEW COMPLETED BEFORE YOUR NEXT RENEWAL !!

STARTING OCT 1 2008, LICENSEES MAY HAVE TO REPORT THE COMPLETION OF A PEER REVIEW AT THE TIME OF LICENSE RENEWAL. CHECK OUR WEBSITE TODAY TO FIND OUT IF YOU NEED TO SCHEDULE A PEER REVIEW NOW.

GO TO WWW.DLLR.MD.GOV/LICENSE/CPA. CLICK ON "PEER REVIEW". YOU WILL FIND USEFUL INFO ABOUT THE PEER REVIEW PROCESS, THE APPROVED PEER REVIEW PROGRAMS AVAILABLE TO YOU, AND TIPS ON SCHEDULING A PEER REVIEW.

USE OUR WEBSITE FOR FAST SERVICE. CHANGE YOUR MAIL AND E-MAIL ADDRESSES; REQUEST LICENSE/EXAM VERIFICATION ONLINE! CHANGE FROM ACTIVE TO INACTIVE STATUS! YOU DON'T HAVE TO CALL OR E-MAIL THE BOARD TO DO THESE SERVICES. YOU CAN DO IT!

Martin O'Malley
Governor
Anthony G. Brown
Lt. Governor
Alexander M. Sanchez
Secretary



DEPARTMENT OF LABOR, LICENSING AND REGULATION
MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY
CERTIFIES THAT
JAMES MICHAEL STEPHENS

SIGNATURE OF BEARER

IS AN AUTHORIZED ACTIVE C.P.A.

LIC. REG. CERT. NO. 13700 EXPIRATION DATE 10-26-2013 EFFECTIVE DATE N/A CATEGORY 01 4187778

WHERE REQUIRED BY LAW THIS MUST BE CONSPICUOUSLY DISPLAYED IN OFFICE TO WHICH IT APPLIES

LICENSE, REGISTRATION, OR CERTIFICATION

12 01 13700

4,187,778

SAVE THIS PORTION OF CARD AND USE REVERSE SIDE FOR NAME AND/OR ADDRESS CHANGES. BOARD MUST BE NOTIFIED OF THESE CHANGES IMMEDIATELY. 12 01 13700

MARYLAND STATE BOARD OF PUBLIC ACCOUNTANCY
500 N. CALVERT STREET, BALTIMORE, MD 21202-3651

JAMES MICHAEL STEPHENS
60 BARRINGTON PLACE

BEL AIR MD 21014

FOUR LINE

STATE OF MARYLAND
DEPARTMENT OF LABOR, LICENSING AND REGULATION
MARYLAND STATE BOARD
OF PUBLIC ACCOUNTANCY

CERTIFIES THAT
JAMES MICHAEL STEPHENS

IS AN AUTHORIZED

ACTIVE C.P.A.

LIC. REG. CERT. NO. 13700 EXPIRATION DATE 10-26-2013 EFFECTIVE DATE N/A CATEGORY 01

LICENSE, REGISTRATION, OR CERTIFICATION
4187778

Martin O'Malley Governor Anthony G. Brown Lt. Governor

SIGNATURE OF BEARER



Virginia Board of Accountancy

Item: CPA Licentiate Services

Licensee Details

Demographic Information

Name: Heather Nicole Pitt

Address Information

Line 1: 8013 Falls Run Road

Line 2: Linton

Line 3:

Line 4: Loudoun County, VA 22043

Country: Howard

Country: United States

License Information

License #: 59179

Profession: Accountancy

Type: Certified Public Accountant

Status: Active

Issued: 2/3/2011

Expiration: 2/29/2013





Results for Active Licensed Certified Public Accountants: 1

The following results do not include current licensees who are on inactive status.

Name	Address	City	State	Zip	Expiration	Category	Reg. #
AIRES RENE COLEMAN	3622 HEATHERS WAY	PARKVILLE	MD	21234	2014-01- 11	ACTIVE C.P.A.	33620

[NEW SEARCH FOR ACTIVE LICENSED INDIVIDUALS]

[Home] [Return to Licensing Queries]

Virginia Board of Accountancy

[Home](#) > [CPA Licensure Services](#) > [Online Services](#)

CPA Licensure Services

- Select a licensee name from the list for more information. Click the page numbers below the list to see additional pages.
- Use the [Search for a Person](#) or [Search for a Facility](#) button to return to the Search page.
- Use the [Download](#) button to download your search results list.
- Use the [Preview](#) button to view the format of a download.

Name	License #	Status	City	State	ZipCode
ROMAN, JOHN EDWARD	19612	Active	VIENNA	VA	221820000
1					



Tab XVI – Cost Proposal

Section I: Our cost estimates for the City Audit are as follows:

	<u>City</u>	<u>School</u>	<u>Library</u>	<u>Total</u>
2012	\$ 185,000	\$ 42,500	\$ 24,000	\$ 251,500
2013	190,000	43,800	24,700	258,500
2014	195,700	45,100	25,400	266,200
2015	201,500	46,400	26,100	274,000
2016	207,000	47,700	26,800	281,500

Section II: Financial Statement Audit Services

<u>Level of Professional</u>	<u>Hourly Rate</u>
Partner	\$240
Senior Manager	\$190
Manager	\$150
Senior Associate	\$115
Associate	\$95

Section III: Internal Audit Services

<u>Level of Professional</u>	<u>Hourly Rate</u>
Partner	\$240
Senior Manager	\$190
Manager	\$150
Senior Associate	\$115
Associate	\$95

These are firm fixed fees and include out-of-pocket costs associated with the audit such as local travel. Our fee quote includes responses to ordinary, routine accounting questions throughout the year. These fees assume the single audit will require five major programs to be audited. If additional major programs are identified, we will provide details of the additional programs and a cost estimate for the additional work before proceeding with our testing. We understand that clients do not want fee surprises, or to be nickel-and-dimed; our fee and billing practices reflect this understanding. In addition, we promise you that:

- We will be available for routine questions at no additional charge.
- We will be available to provide opinions pertaining to procedures, new systems, benefits, budgets, and any other matters that may arise.
- Any additional charges not discussed in this proposal will be mutually agreed upon up front. We will always be candid and fair in our fee discussion, and we will avoid surprises.

If engaged as your independent auditors, we are prepared to absorb the first year costs associated with the necessary start-up time to become familiar with your accounting and control systems.





CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

November 5, 2016

Ms. Lenora Reid
Deputy Chief Administrative Officer of Finance and Administration
City of Richmond, Virginia
900 East Broad Street, Suite 1003
Richmond, VA 23219

Dear Ms. Reid:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit and nonaudit services CliftonLarsonAllen LLP (CLA) will provide for City of Richmond, Virginia ("City," "you," "your," or "the entity") for the ended June 30, 2016. In the event the terms of Contract No. 17000008556 between the City and CLA (the "Engagement Contract") and the terms of this letter differ, the terms of the Engagement Contract and any amendments shall prevail.

Greg Bussink is responsible for the performance of the audit engagement. Sean Walker will also be assigned. This arrangement ensures another principal is available to assist you should Greg not be available.

All staff assigned who work on the engagement will meet the continuing education requirements specified in Government Audit Standards. We have included details of the qualifications of the key staff responsible for overseeing the engagement at Appendix A. Additional staff will be assigned as required to complete the engagement.

Audit services

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of City of Richmond, as of and for the year ended June 30, 2016, and the related notes to the financial statements.

In addition, we will perform the following services related to the requirements of the Auditor of Public Accounts.

1. Agreed upon procedures related to the FY 2016 Comparative Transmittal. The City will complete the required Comparative Transmittal forms.
2. Attestation procedures required for the Sheriff Office Internal Controls.

Fees for these services are included in the all inclusive pricing below. Given the nature of the services, separate engagement letters will be issued due to requirements of professional standards.

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the entity's basic financial statements. The following RSI will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis.

2. Budgetary comparison schedules.
3. GASB-required supplementary pension and OPEB information under modified reporting.

We will also evaluate and report on the presentation of the following supplementary information other than RSI accompanying the financial statements in relation to the financial statements as a whole:

1. Schedule of expenditures of federal awards.
2. Combining fund statements.

The following information other than RSI accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditors' report will not provide an opinion or any assurance on that information:

1. Introductory Section.
2. Statistical Tables.

Nonaudit services

We will also provide the following nonaudit services:

- Preparation of adjusting journal entries, if necessary.

CLA confirms that we will offer twenty four (24) continuing professional education hours to members of the accounting and internal auditing staff as part of this engagement.

Audit objectives

The objective of our audit is the expression of opinions about whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200; and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our audit will include tests of your accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express opinions and render the required reports. We will perform procedures on the financial information of Richmond Redevelopment and Housing Authority (RRHA) (under separate contract with them) to enable us to express our opinions. We will apply certain limited procedures to the RSI in accordance with U.S. GAAS. However, we will not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. We will also perform procedures to enable us to express an opinion on whether the supplementary information (as identified above) other than RSI

accompanying the financial statements is fairly stated, in all material respects, in relation to the financial statements as a whole.

The objectives of our audit also include:

- Reporting on internal control over financial reporting and compliance with the provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Reporting on internal control over compliance related to major programs and expressing an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Uniform Guidance.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We will issue written reports upon completion of our audit of your financial statements and compliance with requirements applicable to major programs. We will make reference to other auditors' audits of all other discretely presented component units other than RRHA in our report on your financial statements. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinions on the financial statements or the single audit compliance opinion are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements or material noncompliance caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming opinions on the financial statements or an opinion on compliance, we retain the right to take any course of action permitted by professional standards, including declining to express opinions or issue reports.

Auditor responsibilities, procedures, and limitations

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the basic financial statements. The procedures

selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements or noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a single audit.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic financial statements and compliance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting fraud or errors that are material to the financial statements and to preventing and detecting misstatements resulting from noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with the direct and material compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we identify during the audit that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the entity's compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

We will include in our report on internal control over financial reporting and on compliance relevant information about any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that may have occurred that are required to be communicated under *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of the entity's major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the "OMB Compliance Supplement" for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs. The purpose of these procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

We will evaluate the presentation of the schedule of expenditures of federal awards accompanying the financial statements in relation to the financial statements as a whole. We will make certain inquiries of management and evaluate the form, content, and methods of preparing the schedule to determine whether the information complies with U.S. GAAP and the Uniform Guidance, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We will compare and reconcile the schedule to the underlying accounting records and other records used to prepare the financial statements or to the financial statements themselves.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements, RSI, and the schedule of expenditures of federal awards in accordance with U.S. GAAP. Management is also responsible for identifying all federal awards received, understanding and complying with the compliance requirements, and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of the Uniform Guidance.

Management's responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to correct material misstatements; and confirming to us in the management representation letter that the effects of any

uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Management is responsible for compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs. Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are responsible for the design, implementation, and maintenance of effective internal control, including internal control over compliance, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and that there is reasonable assurance that government programs are administered in compliance with compliance requirements.

You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements, including compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to the entity's federal programs; and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered.

You are responsible for taking timely and appropriate steps to remedy any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that we may report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings; and to follow up and take prompt corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on the start of fieldwork .

You are responsible for ensuring that management is reliable and for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit

evidence. You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements. You are also responsible for providing us access to component information, those charged with governance of components, component management, and component auditors (including relevant audit documentation and communications).

Management is responsible for providing us with, or making arrangements to facilitate (1) unrestricted communication between us and the component auditor(s) to the extent permitted by law or regulation; (2) communications between the component auditor(s), those charged with governance of the component(s), and component management, including communications of significant deficiencies and material weaknesses in internal control; (3) communications between regulatory authorities and the component(s) related to financial reporting matters; (4) access to component information, those charged with governance of the component(s), component management, and the component auditor(s) (including relevant audit documentation requested by us); and (5) permission to perform work, or request a component auditor to perform work, on the financial information of the component(s).

You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for the preparation and fair presentation of other supplementary information in accordance with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit and the presentation of the basic financial statements and RSI. During our engagement, we will request information and explanations from you regarding, among other matters, the entity's activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the

foregoing, you agree that we shall not be responsible for any misstatements in the entity's financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for authorizing the predecessor auditor to allow us to review the predecessor auditor's workpapers and to respond fully to our inquiries, thereby providing us with information to assist us in planning and performing the engagement. You will be responsible for any fees billed by the predecessor auditor related to our review of their workpapers and our inquiries.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies to us of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the "Audit objectives" section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience, or any combination thereof, to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

The responsibilities and limitations related to the nonaudit services performed as part of this engagement are as follows:

- We will propose adjusting journal entries as needed. You will be required to review and approve those entries and to understand the nature of the changes and their impact on the financial statements.

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Use of financial statements

The financial statements and our report thereon are for management's use. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance. Should you decide to include or incorporate by reference these financial statements and our auditors' report(s) thereon in a future private placement or other offering of equity or debt securities, you agree that we are under no obligation to re-issue our report in such a registration or offering document. We will determine, at our sole discretion, whether we will re-issue our report only after we have performed the procedures we consider necessary in the circumstances. If we decide to re-issue our report, we will be required to perform certain procedures including, but not limited to, (a) reading other information incorporated by reference in the registration statement or other offering document and (b) subsequent event

procedures. These procedures will be considered an engagement separate and distinct from our audit engagement, and we will bill you separately. If we decide to re-issue our report, you agree that we will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to re-issue our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services.

If we agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters

We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

A tentative engagement schedule is included at Appendix A. We will work with the City to revise this timeline as needed.

At the conclusion of the engagement, we will complete the auditor sections of the electronic Data Collection Form SF-SAC and perform the steps to certify the Form SF-SAC and single audit reporting package. It is management's responsibility to complete the auditee sections of the Data Collection Form. We will create the single audit reporting package PDF file for submission; however, it is management's responsibility to review for completeness and accuracy and electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be electronically submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the entity; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

We are available to perform additional procedures with regard to fraud detection and prevention, at your request, as a separate engagement, subject to completion of our normal engagement acceptance procedures. The terms and fees of such an engagement would be documented in a separate engagement letter.

The audit documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely matter to the Virginia Auditor of Public Accounts, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of CLA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the Virginia Auditor of Public Accounts, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Except as permitted by the "Consent" section of this letter, CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our relationship with you is limited to that described in this letter. As such, you understand and agree that we are acting solely as independent accountants. We are not acting in any way as a fiduciary or assuming any fiduciary responsibilities for you. We are not responsible for the preparation of any report to any governmental agency, or any other form, return, or report or for providing advice or any other service not specifically recited in this letter.

Government Auditing Standards require that we make our most recent external peer review report publicly available. The report is posted on our website at www.CLAconnect.com/Aboutus/.

Fees

Our fees for these services will be based on the time involved and the degree of responsibility and skills required, plus expenses including internal and administrative charges. Based on our preliminary estimates, the fee for the engagement shall not exceed \$325,000. The fee estimate is based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated fee for services will likely be higher. We have included a detailed schedule summarizing the engagement budget (staff hours and rates) at Appendix A.

CLA confirms that the cost of the City's Single Audit is included in the not to exceed amount of \$325,000. That cost is based on a maximum of eleven (11) major programs to be audited in conjunction with the single audit. Costs for the required procedures for the Sheriff's Office and the Auditor of Public Accounts transmittal forms are included in this amount. The audit of Richmond Public Schools, including their audit procedures required under the Uniform Guidance is performed by another contractor and is not included as part of the scope of services for this engagement.

If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimate. You will incur no responsibility to pay for additional work prior to the authorization of a Change Order as provided in the Engagement Contract. Our invoices for these fees will be rendered each month as work progresses and are payable as set forth in the Engagement Contract. In accordance with our firm policies, but only to the extent permitted by the Engagement Contract, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our reports. If included in the not-to-exceed contract price or approved by Change Order, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Unanticipated services

We do not anticipate encountering the need to perform additional services beyond those described in this letter. Below are listings of services considered to be outside the scope of our engagement. We may only bill for services outside the scope of this engagement if a Change Order first has been properly authorized. If any such service needs to be completed before the audit can proceed in an efficient manner, we will determine whether we can provide the service and maintain our independence. If appropriate, we will notify you and provide a fair and reasonable price for providing the service. We will bill you for the service at periodic dates after the additional service has been performed.

Bookkeeping services

Bookkeeping services are not audit services. Bookkeeping services include the following activities:

- Preparation of a trial balance

- Account reconciliations
- Bank statement reconciliations
- Capital asset accounting (e.g., calculating depreciation, identify capital assets for additions and deletions)
- Calculating accruals
- Analyzing transactions for proper recording
- Converting cash basis accounting records to accrual basis
- Preparation of financial statements and the related notes to the financial statements
- Processing immaterial adjustments through the financial statements
- Adjusting the financial statements for new activities and new disclosures

Additional work resulting from unanticipated changes in your organization or accounting records

If your organization undergoes significant changes in key personnel, accounting systems, and/or internal control, we are required to update our audit documentation and audit plan. The following are examples of situations that will require additional audit work:

- Revising documentation of your internal control for changes resulting from your implementation of new information systems
- Deterioration in the quality of the entity's accounting records during the current-year engagement in comparison to the prior-year engagement
- Significant changes in your volume of business
- Mergers, acquisitions, or other business combinations
- Changes in audit scope or requirements resulting from changes in your activities
- Erroneous or incomplete accounting records
- Evidence of material weaknesses or significant deficiencies in internal control
- Substantial increases in the number or significance of problem loans
- Regulatory examination matters
- Implementation or adoption of new or existing accounting, reporting, regulatory, or tax requirements

- New financial statement disclosures

Changes in engagement timing and assistance by your personnel

The fee estimate is based on anticipated cooperation from your personnel and their assistance with timely preparation of confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

Changes in accounting and audit standards

Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you and propose a Change Order prior to performing the additional work.

Other fees

You also agree, if authorized by Change Order, to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf. You and your attorney will receive a copy of every subpoena or request we are asked to respond to.

Finance charges and collection expenses

You agree that if any statement is not paid within 45 days from its date, the unpaid balance shall accrue interest at the monthly rate of one percent. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

HIPAA Business Associate Agreement

To protect the privacy and provide for the security of any protected health information, as such is defined by the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, and the regulations and policy guidances thereunder (HIPAA), City of Richmond and CLA shall enter into a HIPAA Business Associate Agreement (BAA) in a form mutually agreeable to the parties.

Consent

Consent to use financial information

Annually, we assemble a variety of benchmarking analyses using client data obtained through our audit and other engagements. Some of this benchmarking information is published and released publicly. However, the information that we obtain is confidential, as required by the AICPA Code of Professional Conduct. Your acceptance of this engagement letter will serve as your consent to use of City of Richmond's information in these cost comparison, performance indicator, and/or benchmarking reports.

Subcontractors

CLA may, at times, use subcontractors to perform services under this letter, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under the Engagement Contract, this letter and the BAA.

Effect of Letter

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. The Engagement Contract and this letter constitute the entire agreement regarding these services and supersede all prior agreements (whether oral or written), understandings, negotiations, and discussions between us. If you have any questions, please let us know. Please sign, date, and return a PDF copy of this letter to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and our respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP



Gregory J. Bussink, III, CPA
Principal
301-902-8527
Greg.Bussink@CLAconnect.com

Response:

This letter correctly sets forth the understanding of City of Richmond.

Authorized governance signature: _____

Title: _____

Date: _____

Authorized management signature: _____

Title: _____

Date: _____

ENGAGEMENT LETTER - APPENDIX A

ENGAGEMENT TEAM RESUMES

Our proposed engagement team will consist of the following individuals with detailed resumes included below.

Engagement Team	Title	Role	Years of Experience
Greg Bussink, CPA, CGMA, CGFM	Principal	Engagement Principal	21+
Sean Walker, CPA, CFE, CGFM, CGMS	Principal	Second Reviewer Principal	17+
Kara Morcomb, CPA	Manager	Financial Statement Audit Manager	7+
Aires Coleman, CPA	Director	Single Audit Director	15+
Joel Eshleman, CISA, CIA	Manager	IT Specialist	15+

Gregory Bussink, III, CPA, CGFM, CGMA

CliftonLarsonAllen LLP

Engagement Principal

greg.bussink@CLAconnect.com



Profile

Greg has more than 21 years of experience, specializing in serving government entities. He is one of our leading government experts in the region, providing his government clients with insights throughout the year. Greg has assisted governmental clients in obtaining and retaining the GFOA Certificate of Achievement for Excellence in Financial Reporting award. He is well versed in the issues that governmental entities face and brings fresh ideas to tackle his clients' specific issues. Greg frequently speaks at local governmental and nonprofit conferences and training events, including VGFOA and VSCPA events.

Due to his contributions to the industry, Greg was the 2015 winner of the **Association of Government Accountants Private Sector Financial Excellence Award**.

Gregory J. Bussink, CPA, CGFM, CGMA

Position

Engagement Principal-In-Charge - Greg will oversee all engagement responsibilities for the work, including reviewing the work plan, coordinating activities with the audit directors and managers, and directing all meetings with the City. Greg will be readily accessible to the County. He will be on-site when requested and as needed, and will participate in meetings in person as appropriate.

Professional Certifications

Certified Public Accountant

Education

Bachelor of Science, Accounting, Bowie State University

Professional Affiliations

- American Institute of Certified Public Accountants - Member
- Government Finance Officers Association - Member
- Maryland Association of Certified Public Accountants – Member
- Virginia Society of Certified Public Accountants - Member
- Association of Government Accountants - Member

Technical Expertise

- Plans and performs CAFR audits and single audit procedures conducted in state and local government engagements
- Performed audits of nonprofit organizations, including organizations serving the developmentally disabled, HUD assisted projects, community service organizations and membership organizations
- Performs audits, reviews and consulting for government contractors, including assisting with calculation of overhead rates and compliance with Federal Acquisition Regulations and state equivalents
- Performed audit of mortgage lender/broker
- Performs audits of employee benefit plans
- Assisted in the design, evaluation, and installation of accounting systems
- Managed audits of U.S. Chapter 7 Bankruptcy trustees under contract with the Administrative Office of the United States Courts
- Managed CFO Act audits of six U.S. Department of Health and Human Services (DHHS) operating divisions
- Utilizes computer assisted audit techniques (CAATs) to improve effectiveness and efficiency on audit

Educational Background

Educational Background: Bachelor of Science, Accounting, Bowie State University

Key Clients

- Arlington County, Virginia, including Arlington County Public Schools
- City of Alexandria, Virginia, including Alexandria City Public Schools
- Virginia Port Authority
- Fairfax County Redevelopment and Housing Authority
- Richmond Redevelopment and Housing Authority
- Charles County, Maryland
- Maryland-National Capital Park & Planning Commission
- Interstate Commission on the Potomac River Basin
- Prince William County, VA (consulting)
- Fairfax County Public Schools (consulting)
- Prince George's County Memorial Library System
- City of Greenbelt, Maryland
- City of Takoma Park, Maryland

Sean M. Walker, CPA, CFE, CGFM, CGMS, MBA



CliftonLarsonAllen LLP

Second Review Principal

sean.walker@CLAconnect.com

Profile

Sean is a principal in CliftonLarsonAllen's state and local government group. He has been serving public sector clients since 1999 and specializes in providing accounting, financial auditing, and consulting to municipalities, utilities, counties, and tribal governments. He is a member of the firm's Public Sector Quality and Learning and Development Committee. Sean is also involved in the government industry on a national basis, and is a frequent speaker on government accounting, auditing, and single audits for professional associations around the country, including the VGFOA.



Sean Walker, CPA, CFE, CGFM, CGMS, MBA

Position

Second Review Principal - Sean will assist Greg in overseeing engagement responsibilities, including reviewing the workplan, providing input on technical matters and serving as a second set of eyes for our reports.

Professional Certifications

- Certified Public Accountant
- Certified Government Financial Manager
- Certified Grants Management Specialist

Educational Background

Bachelor of Business Administration in Accounting, University of Wisconsin-Milwaukee
Master of Business Administration, Concordia University Wisconsin

Professional Affiliations

- AICPA State and Local Government Expert Panel – Past Member
- AICPA Government Audit Quality Center Executive Committee
- AICPA National Governmental Accounting and Auditing Conference Planning Committee – Past Member
- GFOA Special Review Committee
- American Institute of Certified Public Accountants – Member
- National Grant Management Association – Member
- Association of Government Accountants – Member
- Wisconsin Government Finance Officers Association – Member
- Maryland Government Finance Officers Association – Member
- Association of Local Governmental Auditors – Member
- Institute of Internal Auditors – Member
- Information Systems Audit and Control Association – Member

Technical Expertise

- Leads financial and single audits of municipal audit clientse
- Consulting technical principal on CliftonLarsonAllen's clients on government accounting and auditing including OMB Circular A-133
- Designated the firm's audit quality partner for the AICPA's Government Audit Quality Center's membership

Key Clients

- Baltimore County, Maryland
- State of Delaware (Single Audit Principal)
- State of Kansas (Single Audit Principal)
- State of South Carolina (Designated Single Audit Reviewer)
- Howard County Housing Commission
- Prince George's Housing Authority
- Prince George's County Public Schools
- Virginia Port Authority (Quality Control Reviewer)
- New Jersey Housing and Mortgage Finance Agency
- DuPage Housing Authority (Quality Control Reviewer)
- City of Milwaukee, Wisconsin
- Village of Brown Deer, Wisconsin



Kara Morcomb, CPA

CliftonLarsonAllen LLP

Manager

kara.morcomb@CLAconnect.com

Profile

Kara has over 7 years of experience serving government clients. She specializes in governmental auditing and accounting with an emphasis on state and local government agencies. Kara has experience working with towns, cities, counties, and large states. She provides a range of services to her clients including audit, agreed upon procedures, single audits and financial statement preparation. She has extensive experience in using data analytics to improve audit efficiency and interpret financial data.

Kara Morcomb, CPA	
Position	Kara will assist in the resolution of technical and reporting issues for the financial audits. Remi will be on-site in the field supervising the financial statement audits and single audits to identify and resolve issues as they arise.
Professional Certifications	Certified Public Accountant
Education	Bachelor of Science, Accounting, Towson University
Professional Affiliations	<ul style="list-style-type: none">• American Institute of Certified Public Accountants - Member• Maryland Association of Certified Public Accountants – Member• Maryland Association of Certified Fraud Examiners – Member
Technical Expertise	<ul style="list-style-type: none">• Plans and performs CAFR audits and single audit procedures conducted in state and local government engagements• Performs audits of nonprofit• Utilizes computer assisted audit techniques (CAATs) to improve effectiveness and efficiency on audit
Educational Background	Educational Background: Bachelor of Science, Accounting, Towson University
Key Clients	<ul style="list-style-type: none">• Baltimore County, Maryland• Town of Manchester, Maryland• Carroll County Public Schools• Anne Arundel County Public Schools• City of Alexandria• City of Milwaukee

Aires Coleman, CPA

CliftonLarsonAllen LLP

Single Audit Manager



aires.coleman@CLAconnect.com

Profile

Aires has more than 20 years of experience. She is recognized as one of CLA's single audit technical experts, as she coordinates A-133 compliance audits for numerous governmental entities. During her career, Aires has developed a specialty in governmental auditing and accounting with an emphasis on state and local government agencies. She manages a team who specializes in OMB Circular A-133 single audits, and is well versed in *Government Auditing Standards*. Prior to joining CLA, Aires was an internal auditor for the State of Maryland Controller's Office as well as for the Judiciary department, where she served as one of the audit managers.



Aires Coleman, CPA

Position

Single Audit Manager - Aires will serve as the lead manager assigned on your single audit engagement and will be responsible for directing the activities of the team, coordinating all services, and ensuring timely delivery of quality services. She will be on-site in the field supervising to identify and resolve issues as they arise.

Professional Certifications

Certified Public Accountant

Educational Background

Bachelor of Arts, Business Administration, University of Maryland

Professional Affiliations

- Maryland Association of Certified Public Accountants – Member
- Maryland Government Finance Officers Association - Member
- American Institute of Certified Public Accountants – Member
- Government Finance Officers Association – Member

Technical Expertise

- Performed OMB Circular A-133 single audits for a variety of governmental entities, with a concentration on educational organizations
- Government experience that encompasses progressive professional supervisory skills
- Experienced with policies/procedures for financial preparation, reporting, and reconciliation as well as other financial duties/responsibilities
- Proficient knowledge of government accounting, Generally Accepted Accounting Principles (GAAP) and Generally Accepted Government Auditing Standards (GAGAS)

Key Clients

- Baltimore County, Maryland
- Baltimore County, Maryland Public Schools
- Prince George's County, Maryland
- State of South Carolina

Aires Coleman, CPA

- **State of Kansas**
- **Howard County, Maryland Public Schools**
- **Anne Arundel County, Maryland Public Schools**
- **Baltimore City, Maryland Public Schools**
- **Montgomery County, Maryland Public Schools**
- **Carroll County, Maryland Public Schools**
- **City of Alexandria, Virginia Public Schools**
- **Arlington County, Virginia Public Schools**
- **Virginia Resource Authority**
- **Maryland-National Capital Park & Planning Commission**
- **Maryland Transportation Authority**
- **Washington Metropolitan Area Transit Authority**

Joel Eshleman, CISA, CIA

CliftonLarsonAllen LLP

IT Manager

joel.eshleman@CLAconnect.com

Profile

Joel will oversee the IT portion of the audit engagement. He has 15 years of experience and is the leader of the information technology audit teams serving assurance clients. Joel's experience includes five years with a Big 4 firm performing information technology, business process and control, and third-party reporting reviews. Joel has led SAP information technology and security controls tests for compliance with SOX for organizations such as Astra-Zeneca Pharmaceuticals, Discovery Communications, Invista, and the Commonwealth of Pennsylvania since 2004. Joel specializes in the development, testing, reporting, remediation, and monitoring of sensitive access and segregation of duties through automated tools in SAP (Approva and GRC).



Joel Eshleman, CISA, CIA

Position

IT Manager - Joel will serve as a project lead for testing and assessing controls over IT.

Professional Certifications

Certified Information Systems Auditor
 Certified Internal Auditor

Education

Bachelor of Science in Accounting, York College of Pennsylvania

Professional Affiliations

- Information System Audit and Control Association, Member
- Institute of Internal Auditors, Member

Technical Expertise

Joel has assisted clients with ERP system design and implementation in the government, manufacturing, and entertainment industries, including the following specialized projects:

- **Security:** Design/re-design of profiles and roles to meet processing/controls needs
- **Transport:** Design of Transport paths and associated controls
- **ITGC:** Assess the adequacy of information technology general controls (change management, access controls, support system security configuration)
- **Data Conversion:** Identify, map, design, and monitor the conversion of data
- **Project Management:** Participate and validate that management complies with the established SDLC with appropriate control points and reporting.

Joel has lead training seminars on the risks and controls of SDLCs, Audit ITGC in SAP, and GRC Module Overview and Use.

Key Clients

- **State of South Carolina**
- **City of Philadelphia School District**
- **City of Alexandria, Virginia Public Schools**
- **Hewlett-Packard Enterprise Services**
- **Interactive Intelligence**
- **First Health Services Corporation**
- **Arkansas Blue Cross Blue Shield**
- **Commonwealth of Pennsylvania**
- **State of Maryland**
- **City of Alexandria, Virginia**
- **Virginia Port Authority**
- **Baltimore City, Maryland Public Schools**
- **Baltimore County, Maryland Public Schools**
- **City of Annapolis, Maryland**
- **Town of Manchester, Maryland**
- **Easton Utility Commission, Maryland**

Tentative Schedule

The following table details CLA's proposed schedule for the City's audit:

Description	Start	End
Meeting with appropriate personnel	As soon as feasible upon notification of award	--
Preliminary fieldwork	Audit planning conference to be scheduled during November timeframe with preliminary fieldwork to be scheduled for two to three weeks in December	December 30, 2016
Fieldwork/Single Audit Compliance Testing	As soon as feasible. Testing to be performed concurrently. Estimate two months to complete any remaining internal control testing, substantive testing, compliance testing, and tie out of financial statement amounts. This will include the necessary testing for the Sheriff's Office.	March 3, 2017
Delivery of Preliminary Drafts and Final Reports	March 17, 2017	Final reports no later than 5 days after receiving management's comments,
Completion of agreed upon procedures for comparative transmittal	--	Within two weeks of receiving from City
Presentation to Management and Council	Preliminary meeting/conference call as needed/requested	As required - no later than March 31, 2017

This timeline is only preliminary and may need to be revised based on availability of information.

Engagement Budget

The table below summarizes our estimated budget for the engagement. Our hourly rates are fully burdened and include all costs (travel, overhead, etc.) to complete the engagement.

Staff Level	Rate	Hours	Extended
Principal	\$250	250	\$62,500
Director	\$198	400	\$79,200
Manager	\$156	400	\$62,400
Senior	\$120	600	\$72,000
Associate	\$99	600	\$59,400
Subtotal		2,250	\$335,500
Additional Discount			(\$10,500)
TOTAL			\$325,000