

REQUEST FOR PROPOSALS: 2010-23 - AUDITING SERVICES
COLE COUNTY, MISSOURI

SECTION I. INTRODUCTION

Cole County is seeking bids for auditing services for the fiscal year ending December 31, 2010, with options for 2011 and 2012 fiscal year audits. The bid should also include consultation with the County Auditor's staff prior to beginning the audit engagement to review and evaluate audited preparedness.

While SAS 112 does not imposed additional responsibilities on the County for preparation of financial statements that previously were shared with the Auditor, it does require that the County be qualified to prepare the statements even though it may be assisted by the Auditor. To assure compliance, however, the Auditor should include in his/her bid as a separate item consulting time to review the year end entries and reconciliations to determine their appropriateness and completeness.

To insure its financial integrity and to comply with GASB 34, and possibly the reporting requirements of the GFOA Certificate of Achievement for Excellence in Financial Reporting Program, the county is seeking professional audit services. The county desires to have its 2010 financial records and procedures for internal financial operations thoroughly examined. Firms interested in providing these services to Cole County should carefully read and follow all instructions provided in this Request for Proposals.

Your firm is invited to submit your bid for auditing services for Cole County. We may invite representatives of your firm to discuss your proposal. Among topics and question discussed during the interview will be the firm's estimates of costs for their auditing services.

Any audit firm responding to this request for proposals must be a Certified Public Accounting Firm and must have previous experience in auditing similar local government entities.

Bids should be mailed or carrier delivered in sealed envelopes marked as response to RFP to the Office of the County Commission, Cole County Court House Annex, 311 East High Street, Jefferson City, MO 65101 by 9:00 a.m. Tuesday, September 7, 2010. Tentative dates for selection are between September 21 and 30, 2010. The fee for services may be negotiated during the final interview process before a final contractor is selected.

Proposals are to be for the services shown on the attached sheets and shall include all charges for delivery, packing, etc., to Jefferson City, MO. Hand delivered sealed bids will be received by the County Commission until the scheduled time of opening.

The proposals are scheduled to be opened at 9:00 a.m. Tuesday, September 7, 2010. The Cole County Commission has the right to accept or reject any part or parts of all bids, to waive technicalities, to request additional information from all bidders, and to accept the offer the County Commission considers the most advantageous to the County.

INFORMATION TO BE PROVIDED IN THE PROPOSAL:

Information that should be provided with your proposal:

- A. Briefly state the firm's understanding of the auditing work to be performed in the circumstance and in light of the information provided below and a commitment to perform the work within the time period.
- B. Include any additional relevant information not otherwise requested in the proposal.
- C. Profile of the firm to include the following:
 - 1. Scope of the firm's operations (national, regional, or local).
 - 2. Year established as CPA firm.
 - 3. Personnel profile of office personnel that would handle the engagement.
 - 4. Firm's continuing professional education policy.
 - 5. Firm's quality control document or plan.
 - 6. Copy of firm's last peer review.
 - 7. Additional services provided by firm without the use of outside consultants.
 - 8. The firm's approach to the type of audit required by the County to include significant segments of work, staff level required for each level, and reasonable time estimates.
 - 9. Experience and references to include audits of a similar scope with which this firm is currently involved or which it has completed within the past 5 years. Please include the name of the audit, the title, address, phone number of person to contact.
 - 10. The bidder should state how it will implement any new auditing standards to ensure the Auditor has addressed them.
- D. Additional Information (form provided). ___
 - 1. Work space requirements.
 - 2. Any other support activities required of County staff.
- E. Fee proposal (form provided). ___

SECTION II: GENERAL TERMS AND CONDITIONS:

- A. Proposals must be submitted in accordance with general Cole County bidding procedures.
- B. Required Due Date of Audit Report and Management Letter:

The draft of the CAFR, the Single Audit mandated reports and the management letter will be due to the County Commissioners and County Auditor on or before June 1, 2011 for their review. The final reports and management letter will be required by June 15, 2011. The auditor will be required to furnish 40 bound copies of the final documents (CAFR). The auditor will be required to incorporate the audit into the CAFR report which may be submitted to GFOA. The County Auditor will furnish the various parts of the CAFR other than the audited financial statement including all financial statement schedules (including cash flow and supplemental info), MD&A, introduction and statistical. The Auditor will prepare and/or assist in preparing footnotes, Single Audit reports, and a review of the schedules. The Auditor will finally assemble the final reporting package and reproduce the required copies. The Auditor will provide a PDF version of the reports as well.

C. Pre-Qualifications:

Any audit firm responding to this RFP must be a Certified Public Accountant Firm and must have previous experience in auditing similar local government entities.

D. Award of Contract:

It is the intention of the County Auditor to make a recommendation to the County Commissioners prior to September 30, 2010. Audit work may commence at any time after the awarding of the contract, at the convenience of the successful bidder.

E. Future Audits:

The county will renegotiate with the selected firm for the 2011 and 2012 fiscal years prior to September 1, of the two subsequent fiscal years to be audited. The total increase for each subsequent contract will not exceed the State of Missouri Consumer Price Index increase for the previous calendar year. The County will negotiate a revised fee in the event of potential significant changes in reporting or auditing standards particularly those that might be related to significant new changes created by GASB or ASB.

F. Progress Payments:

Periodic progress payments may be made by the county for up to 75 percent of the total contract prior to acceptance of the audit. The final payment will be made upon acceptance of the audit by the County Commissioners and the County Auditor.

G. Evaluation and Selection Method:

Initially, the proposals will be reviewed to confirm their positive response to the following pre-qualifications: The firm is a CPA firm, and the firm has experience in auditing similar governmental entities. The following technical criteria will be used by the County Auditor to evaluate those firms meeting the initial criteria:

1. Responsiveness of the proposal in clearly stating and understanding of the work to be performed:
 - a. Audit Approach.
 - b. Realistic time estimates of each major segment of the work plan and the estimated number of hours for each staff level including consultants.
 - c. Approach to implementing new standards.
2. Technical experience of the firm:
 - a. Recent auditing of similar type governmental entities.
 - b. Responses from references.
3. Qualifications of staff to be assigned to the audit including education levels of the audit team and continuing education courses taken during the past 3 years.

Other team criteria:

 - a. Experience of the audit team.
 - b. Supervision to be exercised over the audit team by upper level firm management.
4. Size and structure of the office and support available.
5. Cost of the work performed.
6. Results of oral interviews where proposals are sufficiently similar in quality.

SECTION III. ASSISTANCE AVAILABLE TO AUDITOR

- A. The audit of the year ended December 31, 2009 was performed by Williams-Keepers, CPAs, Jefferson City, Missouri. The opinion was expressed on the combined financial statements of Cole County.
- B. The County Auditor's staff will be available to prepare schedules, reproduce items requested, etc., on a limited basis. The following list represents schedules which could be provided:
1. Proofs of cash for all bank accounts.
 2. Schedule of investment transactions.
 3. Listing of collateral pledged by county depositories.
 4. Detail listing of accounts receivable beginning and end of year.
 5. Schedule of insurance in force.
 6. Schedule of fixed assets beginning of year, additions, retirements and end of year by fund.
 7. Reconciliation of adopted budget, budget revisions and revised budget.
 8. Schedule of inter-fund transfers.
 9. Reconciliations of salaries to payroll registers and Forms 941.
 10. Trial balance for the general and special revenue funds.
- C. The County will provide for the external auditor a room on or near the floor where the accounting records and data entry facilities are housed. There will be adequate desk space for six people, with access to a photocopy machine and telephone.

SECTION IV: REPORT REQUIREMENTS

The primary objective of these services will be to make an annual examination of the combined financial statements of the County and to report on such examination to the County Commission. The scope of the examination will also include the compliance audit requirements of the 1984 Single Audit Act.

Preparation of the County's Financial Statements:

The auditor will be fully responsible for the preparation of the final copy of all necessary 2010 combined, combining, and individual financial statements for the county in conformity with the GFOA standards for awarding of the Certificate of Achievement for Excellence in Financial Reporting. The County Auditor's office will provide all introductory and statistical information to be included in the 2011 CAFR, with any charts, graphs, or photographs in camera-ready form.

The County's general ledger should be completed, closed and balanced on a budget basis by April 1, 2011. See (Section III Item B 10, Page 7) for bidding in the event trial balances are not available.

The selected firm will conduct their examinations in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133.

The Single Audit Report

The single audit report must contain three sections which may be bound into a single report, i.e., the County's Comprehensive Annual Financial Report, or presented at the same time as the financial statements in a separate document. The three sections are:

1. An auditor's opinion whether the general purpose financial statements fairly present the financial position of the government and results of its financial operations in accordance with generally accepted government accounting principles. Further, the audit must contain an auditor's opinion whether the supplemental statement of federal assistance presents fairly the actual grant data in relation to the general purpose financial statements. The supplemental statement of Federal assistance must show the total expenditures for each federal assistance program.
2. An auditor's statement whether an internal control system exists to provide reasonable assurance that Federal Funds are managed properly. Although the Act does not require an opinion on the overall internal control system, the report must identify the government's significant internal accounting controls, including those designed to maintain compliance with laws and regulations. The report must identify the controls that were evaluated, the controls not evaluated (and the reasons therefore), and the material weaknesses identified.

An auditor's report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing standards. The report should disclose internal control deficiencies based solely on the understanding obtained as part of the audit of the financial statements. It will describe the extent of the work performed but does not express an opinion on internal control. In addition, the report should disclose the scope and results of the auditor's testing of compliance with laws, regulations, and provisions of contracts or grant agreements that have a material impact on the financial statements.

3. An auditor's statement about compliance with grant requirements. The statement should provide enough information to permit federal managers to determine if their programs are being administered in compliance with applicable laws and regulations. The statement must provide positive assurance on items tested and negative assurance on items not tested. A summary of all instances of noncompliance and identification of all questioned costs disclosed by the single audit must be included. the report may summarize noncompliance matters and questioned costs in a separate statement.

An auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133. The report should give an opinion as to whether the County complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program. In addition, the report should disclose internal control deficiencies related to compliance with requirements applicable to major programs. It will describe the extent of the work performed but does not express an opinion on internal control.

4. Schedule of Findings and Questioned Costs. A schedule of findings and questioned costs is required, even if no findings or questioned costs are identified. It should include the following:

- a.) The type of report the auditor issued on the financial statements of the auditee
- b.) Where applicable, a statement that significant deficiencies in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses, as required to be reported in accordance with Government Auditing Standards.
- c.) A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee, as required to be reported in accordance with Government Auditing Standards.
- d.) Where applicable, a statement of reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses.
- e.) The type of report the auditor issued on compliance for major programs
- f.) A statement as to whether the audit disclosed any audit findings relating to major programs that the auditor is required to report on.
- g.) An identification of major programs.
- h.) The dollar threshold used to distinguish between Type A and Type B programs.
- i.) A statement as to whether the auditee qualified as a low-risk auditee.
- j.) Findings relative to the financial statements.
- k.) Findings and questioned costs relative to the major federal award programs.

5. Summary Schedule of Prior Year's Audit Findings

(Note): Review the Single Audit section Table of Contents and list those items. There are more than 3 required.

Internal Controls and Management Letter

The audit firm should issue a separate management letter setting forth their suggestions for improvement in operating procedures and internal controls. It should include a statement of audit findings and recommendations affecting the financial statements, internal controls, accounting, accounting systems, legality of actions, instances of noncompliance with laws and regulations, and any other material matters. The auditor's comments should be reviewed with management and appropriate officials prior to finalizing the letter. Responses to these comments by the affected department heads shall be included in the final management letter.

Availability to County Auditor and other Elected Officials

During the engagement, the auditors should be available to meet with the County Auditor to review the audit scope and progress. Additionally, at the completion of the examination the Commission and department heads may wish to meet with the auditors to discuss financial statements and the management letter in exit conference.

Presentation of Audit Reports

The firm shall provide 40 bound copies of the auditor's report and the financial statements and schedules and 40 copies of the report on legal compliance and internal accounting control weaknesses. The partner in charge of the audit shall be free to attend one public meeting at which the audit report will be discussed.

Access to Work Papers

The firm shall make available its working papers to the Missouri State Auditor's office, the County Auditor, and any designated cognizant agency of the federal government, upon request.

Occasional Consultation/Additional Work

The auditing firm's fee should also include occasional consultation with the County Auditor on routine accounting and financial matters throughout the year. However, should any request for assistance involve substantial amounts of time or require visiting county offices, the county would be billed for such consultation at standard rates with the county to be informed in advance in writing of cost estimates for such services.

Consultation Prior to Beginning and during Field Work

Prior to beginning audit field work the auditor will meet with the County Auditor to discuss any questions the County Auditor may have regarding adjusting entries and/or procedures that may impact the audit.

SECTION V: PROPOSAL

The following section is to be completed as instructed and returned as your response to the RFP. Please number each page of your proposal.

TITLE PAGE
ITEM I
RESPONSE TO RFP FOR
AUDIT SERVICES
FOR
COLE COUNTY, MISSOURI
FISCAL YEAR ENDING DECEMBER 31, 2000

Submitted by: _____
Firm

Address

(signed)

Telephone Number Date

TABLE OF CONTENTS

ITEM II

The following table sets forth the specific items to be addressed in your proposal. Respondents must return this page with their proposal and with the corresponding page numbers indicated for the information submitted within the proposal. Respondents must respond on the forms provided unless noted that additional information may be attached. Please submit SECTION V in total as your response to the RFP.

ITEM	PAGE
I. Title Page (See page I)
II. Table of Contents	2
III. Letter of Transmittal
The letter of transmittal should be limited to three pages and should include the following:	
A. Briefly state the firm's understanding of the work to be performed and a commitment to perform the work within the time period.	
B. Include any additional relevant information not otherwise requested in the RFP.	
C. The signature shall be a person authorized to represent and bind the firm.	
IV. Profile of the Firm (see attached form).	. . .
V. Resumes of Firm Personnel Assigned To The Audit.	. . .
VI. Approach to the Audit
Submit a work plan to accomplish the scope defined in SECTION IV (no form provided). Include time estimates for each significant segment of the work and the staff level to be assigned - individual staff members should be named.	
VII. Experience/References (form provided).	. . .
VIII. Additional Information (form provided).	. . .
A. Work space requirements.	
B. County staff support required.	
C. County data processing support required.	
IX. Fee proposal (form provided).

PROFILE OF THE FIRM
ITEM IV

1. Firm name: _____

2. State whether firm is national, regional, or local: _____

3. Year established _____ CPA firm? Yes _____ No _____.

4. Business address of office handling audit engagement:

5. Personnel profile of office handling engagement:

	Assigned Total Staff to Audit	Est Hours	Hourly Rate
Partners/Principals	_____	_____	_____
Managers	_____	_____	_____
Supervisors	_____	_____	_____
Seniors	_____	_____	_____
Accountants	_____	_____	_____

6. Firm's continuing professional education policy: _____

7. Does firm have quality control document or plan? _____

8. Has firm been subject to peer review within past 3 years _____
(If yes please submit copy)

9. Additional services provided by firm without the use of outside consultants:

ADDITIONAL INFORMATION
ITEM VIII

I. Work space requirements:

II. County staff support required:

III. County data processing support required:

FEE PROPOSAL
ITEM IX

The firm of: _____

Located at: _____

Proposes to provide the auditing services to Cole County in accordance with RFP dated
_____ for a fee of \$ _____. The fee is intended to be all inclusive.

SIGNED: _____

TITLE: _____

DATE: _____

Additional information about bidding:

The following is some brief information to assist in accurately gauging the size and scope of the environment in which the audit will take place. All figures are rounded, 2009 estimates. A list of receipts by county fund is included.

1. Proposals must be submitted on the forms provided in Section V: PROPOSAL to receive consideration. Only additional material requested may be attached and submitted with Section V.
2. No Pre-bid Conference is anticipated.
3. Do not include Federal Excise Tax or Sales or Use Taxes in bid process as the County is exempted from them by law.
4. The delivery date shall be stated in definite terms, as it will be taken into consideration in making the award.
5. The County Commission reserves the right to cancel all or any part of orders if delivery is not made or work is not started as guaranteed. In case of delay, the Vendor or Contractor must notify the County Commission, and County Auditor.
6. In case of default by the Bidder or Contractor, the County of Cole will procure the articles or services from other sources and hold the Bidder responsible for any excess cost occasioned thereby.
7. Failure to deliver as guaranteed shall disqualify bidder from future bidding.
8. Prices must be stated in units of quantity specified, and must be firm. Bids qualified by escalator clauses may not be considered unless specified in the bid specifications.
9. Failure to comply with any of the above instructions and general conditions of bidding will disqualify the bidder.
10. The County of Cole, Missouri, expressly denies responsibility for or ownership of any item purchased until same is delivered to the County and is accepted by the County Commission.
11. Unless otherwise noted, bid prices should be good for 45 days after the opening date.
12. Questions concerning the proposal should be directed to:

James T. LePage, CPA, Auditor
Cole County
311 E. High
Jefferson City, MO 65101
(573) 634-9122

COLE COUNTY

INFORMATION ABOUT THE COUNTY

The following is some brief information to assist in accurately gauging the size and scope of the environment in which the audit will take place. All revenue figures are rounded, 2009 figures.

Number of full and part time employees (about):	334
Total accounting transactions:	40,000
Payroll checks:	3,940
Bank accounts for County funds'	15
Bank accounts for other (agency) funds:	17
Revenue of Collector, General and Special Revenue funds by fund (\$millions):	
Collector	68.061
General	9.589
Road & Bridge	4.807
Law Enforcement	6.298
Emergency Services Sales Tax	3.641
Neighborhood Sinking	0.059
Capital Improvement	0.031
Assessment	0.879
Sales Tax	6.053
Training	0.012
Domestic Shelter	0.015
Recorder	0.097
Prosecuting Attorney Delinquent Tax	0.188
Prosecuting Attorney Bad Check Fund	0.067
Sheriff Revolving	0.015
Circuit Clerk Interest	0.105
Election Services	0.015
Tax Maintenance	0.072
Other information:	
County Adopted Budget 2010	58.676
Net bonded debt. (contingent)	0.411
Capital Assets	114.810

County Services- Cole County is a growing county with a total assessed value of over \$1 billion. It is organized and operated as a First Class County under the constitution and laws of the State of Missouri.

The Cole County government provides services for approximately 73,576 citizens. These services include public safety, roads and bridges, health and human services, public parks, public improvements, planning, and general administrative services. The governing body of the County is three elected Commissioners. There are 14 other elected officials.

County Budget Process- The County prepares its budget on a cash basis but reports on the modified accrual basis of accounting (except encumbrances that are treated as expenditures for budget purposes). The County Commission adopts the budget in January of each fiscal year. The County Auditor is the Budget Officer. As required by State Statute 50.540, all revenues and expenditures of department level are classified by (object of expenditure) and by function (law enforcement, etc). Departments may not legally exceed their appropriation without County Commission approval. Any remaining encumbered appropriation lapses at the end of the fiscal year. Open encumbrances are reported as reservations of fund balance.

Accounting System- The County's computerized accounting system was installed in 2000, on an IBM AS400 with New World Systems software. The New World Accounting System is fully integrated. It is capable of producing the CAFR statements.

County Collector- The County Collector's records are maintained by an in-house computer system. The system is not integrated with the General Ledger. The Collector prepares monthly and annual settlement reports (statements of collections).

The County Collector is elected by the voters and has the statutory responsibility to collect the taxes levied by all taxing bodies (including the County) located in Cole County. The collector turns over to the County Treasurer monthly all taxes collected for the County except school taxes other than "general school taxes" which he distributes to the political subdivisions directly. The County's accounting system records those Collector receipts that are turned over to and receipted by the County Treasurer through the cash receipts system. Collections for other political subdivisions are entered monthly into the General Ledger by manual journal entry. The County Treasurer distributes taxes collected as "general school tax fund" based upon a student population formula. Until the Collector turns over monies to the County Treasurer and/or distributes to the political subdivisions, the Collector maintains separate bank accounts and books of account. These books are to be included in the scope of the audit.

Circuit Court Records- The Circuit Courts operate under an "agreement for the establishment of consolidated court," signed by all judges and the Circuit Clerk. The Court maintains its own collection and record keeping system and reports monthly to the Auditor's office. The Circuit Court maintains separate receivership accounts. All executions, garnishments, court costs, advance fees, criminal and traffic fines and costs, and child support collections are recorded in these accounts. The County's accounting system does not record Circuit Court receipts and disbursements except for the County's portion although these funds are considered agency funds of the County. The separate accounting books kept by the Circuit Courts to account for "County money" are to be included in the scope of the audit.