

**BAY COUNTY BOARD OF COUNTY COMMISSIONERS
REQUEST FOR PROPOSAL FOR AUDIT SERVICES**

Bay County, acting in its capacity as “Operator” for the Military Point Advanced Wastewater Treatment Facility (Military Point AWTF) Joint Venture, is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending September 30, 2006, 2007, 2008, and 2009. These audits are to be performed in accordance with general auditing standards in addition to the following:

- (1) Section 218.39, Florida Statutes
- (2) Rules of the Florida Department of Financial Services
- (3) Rules of the Auditor General (Chapter 10.550, Local Government Entity Audits)
- (4) AICPA Audit and Accounting Guide – Audits of State and Local Governmental Units
- (5) Federal and Florida Single Audit Acts
- (6) *Government Auditing Standards* issued by the Comptroller General of the United States
- (7) Circular No. A-133, Executive Office of the President, Office of Management and Budget, Washington, D.C.

I. General Information

- 1) The Audit Committee is composed of the Clerk of Court, County Manager, Bay County Utilities Director, and County Attorney or their designee.
- 2) Questions regarding the Request for Proposal (RFP) are to be addressed to:

Joey Rogers
Bay County Finance Officer
240 East 4th Street
Panama City, Florida 32401
850/747-5215

- 3) All responses to this RFP must be received as soon as possible, but no later than 2:30 p.m. (CST) July 7, 2006, at the address listed above. Ten signed copies of your proposal shall be submitted in one sealed package,

clearly marked on the outside “Proposal for Independent Auditing Services.” All responses received by the deadline above will be unsealed at 2:45 p.m. (CST) July 7, 2006, at the address listed above. Any responses received after the deadline will be returned to the proposer unopened and marked “RECEIVED AFTER DEADLINE”. All costs incurred by the responding firms in preparing proposals in response to this request will not be reimbursed by the Joint Venture.

- 4) The Audit Committee reserves the right to reject any and all proposals submitted and to request additional information from the proposers. At the discretion of the Military Point AWTF Joint Venture or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.
- 5) Military Point AWTF Joint Venture reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between Military Point AWTF Joint Venture and the firm selected.
- 6) Firms submitting proposals may subcontract portions of the engagement. If this is to be done, the name of the proposed subcontracting firms must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the Military Point AWTF Joint Venture.
- 7) The Audit Committee will rank the proposers, and with the concurrence of the Joint Venture owners, recommend the highest ranked firm in accordance with Section 218.39, Florida Statutes to the Bay County Board of County Commissioners. Upon approval, it is anticipated that the Board will enter into a four year contract for the period beginning 10/01/06, through 09/30/09, fiscal years.
- 8) RFP Calendar:

06/08/06	Request for Proposal to be issued no later than
07/07/06	Responses to RFP due
07/13/06	Audit Committee meeting to review and evaluate proposals based on selection criteria.
07/27/06	Audit Committee to make formal recommendation of highest ranked firm to the Joint Venture owners no later than

08/01/06 Present selection to Bay County Board of County Commissioners and with the Board's approval, award a contract for audit services

- 9) Audits for the last three fiscal years were completed by Davis Monk and Company, Certified Public Accountants and Business Consultants.
- 10) The Joint Venture does not have an internal audit department.
- 11) All requirements and conditions set forth in this RFP shall be incorporated into the contract between Military Point AWTF Joint Venture and the selected firm unless otherwise specified in the contract.

II. Description of Military Point AWTF Joint Venture and Records to be Audited

- 1) Military Point AWTF Joint Venture owns and operates a wastewater treatment facility located on Tyndall Air Force Base's Military Point Lagoon in the panhandle of Florida, approximately 100 miles west of Tallahassee and 100 miles east of Pensacola. The City of Panama City is the County seat and the population estimate as of December 2005 for Bay County is 158,437.
- 2) For reporting purposes, the Annual Financial Report will only include the Military Point AWTF Joint Venture.
- 3) Accounting records for the Military Point AWTF Joint Venture are maintained by Tipton, Marler, Garner and Chastain, CPA Group and are comprised of one general fund and the Joint Venture's fixed assets records.
- 4) All accounting records are maintained on the modified accrual basis or accrual basis as appropriate.
- 5) Budgets are integrated with the accounting records.
- 6) The Joint Venture has determined that the U.S. Department of Housing and Urban Development will function as the cognizant agency in accordance with provisions of the Single Audit Act and OMB Circular A-133.

III. Services Required

- 1) An audit and an opinion on the basic financial statements of Military Point AWTF Joint Venture.

- 2) The audit is to be done in accordance with the Rules of the Auditor General, Chapter 10.550; the Federal and Florida Single Audit Acts (if applicable); OMB Circular A-133; *Government Auditing Standards* issued by the Comptroller General of the United States; and the AICPA Auditing Standards.
- 3) Preparation of all required note disclosures for the Joint Venture's financial statements.
- 4) Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue the following reports for the Joint Venture:
 - a. A report on the fair presentation of the financial statements in conformity with general accepted accounting principles.
 - b. A report on the internal control structure based on the auditors understanding of the control structure and assessment of control risk.
 - c. A report on compliance with applicable laws and regulations.
 - d. Reports on compliance with specific requirements applicable to Federal awards and State financial assistance programs.
 - e. The auditor shall communicate in a letter to management any reportable conditions found during the audit.
- 5) Department of Financial Services report review as required by Section 218.32(1), Florida Statutes.
- 6) Assistance in providing guidance and implementing changes in governmental accounting standards.
- 7) If the Joint Venture does issue debt, for which the official statement in connection with the debt contains basic financial statements and the report of independent accounts, the firm shall be required to issue a "consent and citation of expertise" as auditor and any necessary "comfort letters" at no additional cost to the Joint Venture.
- 8) Fraud and illegal acts: Auditors shall be required to make an immediate, written report of all fraud and illegal acts.

IV. Qualifications of the Auditor

- 1) The firm must have been established in Florida and performed continuous CPA services for a minimum of five years.
- 2) The firm must be a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.
- 3) The firm should clearly indicate its available governmental expertise. Resumes should be provided for the partner and manager who would be in charge of the audit.
- 4) The individuals who will be primarily responsible for the audit must have 24 hours of governmental accounting and auditing CPE.
- 5) The firm should indicate its approach to peer review and provide a report of the most recent peer review. Indicate whether that peer review included a review of local government client activities.
- 6) The firm should indicate any disciplinary actions that have been instituted or proposed against the firm during the last three years.
- 7) The firm should describe the results of any State or Federal reviews during the past three years of the firm's governmental client audit work.

V. Information to be Included in the Proposal

- 1) Title page showing the RFP subject, the name of the firm, address, telephone number, the name of the contact person, and the date.
- 2) A table of contents providing a clear identification of the material by section and by page number.
- 3) A statement setting forth the proposer's understanding of the work to be done and a positive commitment to perform the work within the specified time period.
- 4) A statement as to whether the firm is local, regional, or national.
- 5) The location of the office from which the work is to be done and the number of personnel in that office who would be working on the audit.
- 6) An identification of the partners, managers and supervisors who will work on the audit, including staff from other than the local office if necessary for this audit. Resumes for each managerial and supervisory person to be assigned to the audit should be submitted and include the following information:

- a. Formal education
 - b. Supplemental education relative to governmental accounting and auditing
 - c. Experience in public accounting in general
 - d. Experience in private business or government
 - e. Experience in auditing governmental units
 - f. Membership in various national and state governmental accounting boards, committees, or associations (past and present)
 - g. Professional recognition, such as Certified Public Accounting licenses, awards, etc.
- 7) A description of your office's experience in preparing governmental financial statements and in providing assistance in obtaining the Certificate of Achievement for Excellence in Financial Reporting.
- 8) A listing of Florida counties and municipalities for which your firm is providing or has provided audit services.
- 9) The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section III of this request for proposal.

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

- a. Proposed segmentation of the engagement
 - b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
 - c. Sample size and the extent to which statistical sampling is to be used in the engagement
 - d. Extent of use of EDP software in the engagement
 - e. Type and extent of analytical procedures to be used in the engagement
 - f. Approach to be taken to gain and document an understanding of the internal control structure
 - g. Approach to be taken in determining laws and regulations that will be subject to audit test work
 - h. Approach to be taken in drawing audit samples for purposes of tests of compliance
- 10) Firm promotional material may be included as supplemental information.

11) Cost of Services

a. Total All-Inclusive Price

The cost of services should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive price is to contain all direct and indirect costs including all out-of-pocket expenses. The annual price quoted shall remain the same for the entire term of the contract.

b. Rates by Partner, Specialist, Supervisory and Staff Level Times, Hours Anticipated for Each

Each proposing firm shall be required to provide a schedule of professional fees and expenses, which supports the total all-inclusive price.

c. Out-of-Pocket Expenses Included in the Total All-Inclusive Price and Reimbursement Rates

All estimated out-of-pocket expenses for firm personnel (e.g., travel, lodging, and subsistence) to be reimbursed should be detailed. All expense reimbursements will be charged against the total all-inclusive price submitted by the firm.

d. Rates for Additional Professional Services

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

VI. Annual Financial Report

1) A calendar to include the following items will be established by the Audit Committee:

- a) Contract signed with proposer
- b) Interim audit procedures
- c) Fiscal year end for Military Point AWTF Joint Venture
- d) Close books of Military Point AWTF Joint Venture
- e) Preliminary management comments and recommendations delivered to Joint Venture
- f) Written management comments delivered to Joint Venture
- g) First draft of financial statements delivered to Finance Officer
- h) Second draft of financial statements delivered to Finance Officer
- i) Final production of financial statements delivered to Finance Officer

2) Contents

Title Page

Financial Section

- Report of Independent Accountants
- Management's Discussion and Analysis
- Basic Financial Statements
 - Statement of Net Assets
 - Statement of Activities
 - Statement of Cash Flows
 - Notes to Financial Statements

Independent Auditors' Report on Additional Information

Schedule of Expenditures of Federal Awards

Report on Compliance and Internal Control

Summary of Findings

Independent Auditors' Management Letter

3) Support

Staff will perform the year-end closing of the books.

Staff will prepare all the financial statements.

Staff will prepare work schedules and related materials as requested by the selected firm.

Staff will provide paid invoices, canceled checks and other supportive documentation as requested by the firm.

VII. Evaluation Procedures

1. All responses will be reviewed by the Audit Committee.
2. The responses will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored on technical qualifications and cost of services. Cost of services is only one of the criteria considered during the evaluation and shall not be the sole determining factor. The following represent the principal criteria which will be considered during the evaluation process.

Mandatory Elements:

- a. The audit firm is independent and licensed to practice in Florida.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for Military Point AWTF Joint Venture.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

Technical Quality:

- a. General Government audit experience
- b. Qualifications of individuals assigned to audit
- c. Size and organization structure of firm
- d. Demonstrated understanding of Joint Venture's requirements
- e. Audit approach

Cost of Services:

- a. Total all-inclusive price
- b. Rates for each level of staff and anticipated hours
- c. Out-of-pocket expenses and reimbursement rates

VIII. Note to All Prospective Proposers

QUESTIONS OR INQUIRIES REGARDING THE MEANING OR INTERPRETATION OF ANY OF THE PROVISIONS OF THIS RFP MUST BE

DIRECTED TO JOEY ROGERS, BAY COUNTY FINANCE OFFICER.
CONTACT WITH PERSONNEL OF BAY COUNTY OR MILITARY POINT
AWTF JOINT VENTURE, OTHER THAN JOEY ROGERS, FOR PURPOSES
OF INQUIRIES REGARDING MEANING OR INTERPRETATION SHALL
BE GROUNDS FOR ELIMINATION. THE JOINT VENTURE SHALL NOT
BE RESPONSIBLE FOR ANY REPRESENTATIONS MADE BY ANYONE
OTHER THAN JOEY ROGERS.