

CITY OF LENEXA
REQUEST FOR PROPOSAL
FINANCIAL CONSULTING SERVICES

SUBMISSION DATE: February 15, 2001

SUBMISSION TIME: 10:00 a.m. (Central Standard Time)

SUBMISSION PLACE: City of Lenexa
City Hall
12350 West 87 Street Parkway
Lenexa, Kansas 66215

Requests for information regarding this Request should be directed to:

Dennis J. Howard, Chief Financial Officer
City of Lenexa
12350 West 87 Street Parkway
Lenexa, KS 66215

SEALED PROPOSALS SUBMITTED IN OR UNDER COVER OF THE ENCLOSED ENVELOPE SHALL BE RECEIVED PRIOR TO THE TIME AND DATE SPECIFIED ABOVE. PROPOSALS RECEIVED AFTER SAID TIME AND DATE SHALL NOT BE CONSIDERED.

**GENERAL CONDITIONS
GOVERNING RESPONSES AND SUBSEQUENT CONTRACTS
CITY OF LENEXA, KANSAS**

1. **SCOPE:** The following terms and conditions, unless otherwise modified by the City of Lenexa within this document, shall govern the submission of proposals and subsequent contracts. The City of Lenexa reserves the right to accept or reject any and all proposals and to waive any technicalities or irregularities therein. All respondents agree that rejection shall create no liability on the part of the City because of such rejection, and the filing of any proposal in response to this request shall constitute an agreement of the respondent to these conditions.

2. **DEFINITIONS AS USED HEREIN:**
 - a. The term “request for proposal” means a solicitation of a formal sealed proposal.
 - b. The term “respondent” means the person, firm, or corporation who submits a formal sealed proposal.
 - c. The term “City” means the City of Lenexa, Kansas.
 - d. The term “contractor” means the respondent awarded a contract under this proposal.

3. **COMPLETING PROPOSAL:** All information must be legible. Any and all corrections and/or erasures must be initialed. Each proposal must be signed in ink by an authorized representative of the respondent and all required information must be provided. The contents of the proposal submitted by the successful respondent of this RFP shall become a part of any contract award as a result of this solicitation.

4. **REQUEST FOR INFORMATION:** Any request for clarification or additional information deemed necessary by any respondent to present a proper proposal shall be submitted in writing to the City of Lenexa, City Hall, 12350 West 87 Street Parkway, Lenexa, KS 66215 referencing this RFP, a minimum of five (5) calendar days prior to the proposal submission date. Any request received after the above stated deadline will not be considered. All requests received prior to the above stated deadline will be responded to in writing by the City in the form of an addendum addressed to all prospective respondents.

5. **CONFIDENTIALITY OF PROPOSAL INFORMATION:** Each proposal must be sealed and submitted in or under cover of the enclosed envelope to provide confidentiality of the information prior to the submission date and time.

All proposals and supporting documents become public information (except such information that discloses proprietary or financial information submitted in response to qualification statements) after the submission date and time, in accordance with the Kansas Open Records Act.

6. **SUBMISSION OF PROPOSAL**: The respondent must submit five (5) copies of each proposal. Proposals are to be sealed and submitted to the City of Lenexa, Attn.: Sandra Howell, City Clerk, 12350 West 87 Street Parkway, Lenexa, KS 66215 prior to the date and time indicated on the cover sheet. At such time, all proposals received will be formally opened and accepted for consideration. No oral, telegraphic, telephonic proposals or alternations will be considered.
7. **ADDENDA**: All changes, additions, and/or clarifications in connection with this proposal will be issued by the City of Lenexa in the form of a WRITTEN ADDENDUM. SIGNED ACKNOWLEDGMENT OF RECEIPT OF EACH ADDENDUM MUST BE SUBMITTED WITH THE PROPOSAL. Verbal responses and/or representations shall not be binding on the City.
8. **LATE PROPOSALS AND MODIFICATIONS OR WITHDRAWALS**: Proposals received after the date and time indicated on the cover sheet shall not be considered and shall be returned unopened if the respondent is identified on the proposal envelope.

Proposals may be withdrawn or modified in writing prior to the proposal submission deadline. Proposals that are resubmitted or modified must be sealed and submitted to the City of Lenexa prior to the proposal submission deadline. Each respondent may submit only one (1) proposal.

9. **PROPOSALS BINDING**: All proposals submitted shall remain valid and be binding upon the respondent if accepted by the City within sixty (60) calendar days of the proposal submission date. Negligence upon the part of the respondent in preparing the proposal confers no right of withdrawal after the time fixed for the submission of proposals.
10. **NEGOTIATION**: The City reserves the right to negotiate any and all elements of this proposal.
11. **TERMINATION**: Subject to the provisions below, any contract derived from this request may be terminated by the City for any reason or for convenience upon thirty (30) days advance written notice to the other party. Contractor may terminate for default of the City upon thirty (30) days written notice to the City.

Upon written notice from the City, contractor shall, at City's option as contained in the notice: (1) immediately cease all work; or (2) meet with City and, subject to City's approval, determine what work shall be required of Contractor in order to bring the Project to a reasonable termination in accordance with the request of the City. Contractor shall also provide to City copies of all documents completed or partially completed at the date of termination. Contractor shall not be responsible

for errors or omissions in documents which are incomplete as a result of an early termination; contractor having been deprived of the opportunity to complete such documents and certify them. If the City terminates for its convenience, City shall compensate contractor for all work completed to date of termination notice, but such compensation shall not include anticipatory profit or consequential damages, neither of which is allowed. If the contract is terminated by City for default of Contractor, the City shall compensate contractor for the reasonable cost of work completed to date of its receipt of termination notice, but such compensation shall not include anticipatory profit or consequential damages, neither of which will be allowed. The parties also retain all their rights and remedies to sue for the default, including but not limited to their rights to sue for damages, interest and attorney fees.

12. **TAX EXEMPT**: The City is exempt from State and local sales taxes by K.S.A. 79-3606.
13. **SAFETY**: All practices, materials, supplies, and equipment shall comply with the Federal Occupational Safety and Health Act, as well as any pertinent Federal, State and/or local safety or environmental codes.
14. **RIGHTS RESERVED**: The City reserves the right to accept or reject any or all proposals, and to waive any technicalities or irregularities in any proposal, and to make award to the response which in the City's opinion is most advantageous to the City.
15. **RESPONDENT PROHIBITED**: Respondents are prohibited from assigning, transferring, conveying, subletting, or otherwise disposing of this proposal or any resultant agreement or its rights, title, or interest therein or its power to execute such agreement to any other person, company or corporation without the previous written approval of the City.
16. **DISCLAIMER OF LIABILITY**: The City or any of its agencies will not hold harmless or indemnify any respondent for any liability whatsoever.
17. **HOLD HARMLESS**: The contractor shall agree to protect, defend, indemnify, and hold harmless the City of Lenexa and its officers, commissions, employees and agents from and against any and all claims, losses, penalties, damages, settlements, costs, charges, professional fees or other expenses or liabilities of every kind and character resulting from the error, omission or negligent acts of the contractor, its agents, employees or representative, in the performance of the contractor's duties under any agreement resulting from award of this proposal. The contractor further shall agree to investigate, handle, respond to, provide defenses for, and defend any such claims, etc., even if such claim is groundless, false or fraudulent.
18. **LAW GOVERNING**: All contractual agreements shall be subject to, governed by, and construed according to the laws of the State of Kansas.

19. **ANTI-DISCRIMINATION CLAUSE**: No respondent to this request shall in any way, directly or indirectly, discriminate against any person because of age, race, color, handicap, sex, national origin, or religious creed. Contractor must comply with the Kansas Act Against Discrimination and if applicable, execute a Certificate of Non-Discrimination as provided in K.S.A. 44-1030 and accompanying the attached City's standard Consultant Services Agreement.

**GOVERNING RESPONSES AND SUBSEQUENT CONTRACTS
CITY OF LENEXA, KANSAS**

1. **INSURANCE**: The contractor shall be required to maintain and carry in force for the duration of the contract, insurance coverage of the types and minimum liability limits as set forth below:

A. Professional Liability Insurance

\$500,000 per occurrence and as an annual aggregate

The contractor shall maintain the full limit of coverages as stated above for one (1) year after substantial completion of any project resulting from this RFP.

B. Comprehensive General Liability

\$500,000 combined single limit per occurrence for bodily injury, personal injury and property damage. Policy will include:

1. Premises and Operations
2. Personal Injury with employee exclusion deleted

C. Worker's Compensation and Employer's Liability

1. Worker's Compensation Statutory
(includes all states endorsement)
2. Employer's Liability \$100,000 each occurrence

D. Automobile Liability

\$500,000 combined single limit per occurrence for bodily injury and property damage on owned and non-owned vehicles.

Before entering into a contract, the successful respondent shall furnish to the City of Lenexa a Certificate of Insurance verifying such coverage.

The holder on the Certificate of Insurance shall be as follows:

City of Lenexa
c/o Dennis J. Howard
Chief Financial Officer
12350 West 87 Street Parkway
Lenexa, KS 66215

1. **INSURANCE (CONTINUED):**

Prior to any material change or cancellation, the City of Lenexa, Kansas, its officers, commissions, agents, and employees will be given thirty (30) days advanced written notice by registered mail to the stated address of the certificate holder. Further, the City of Lenexa, Kansas, its officers, commissions, agents and employees will be immediately notified of any reduction or possible reduction in aggregate limits of any such policy where such reduction, when added to any previous reductions, would exceed twenty-five percent (25%) of the aggregate limits.

In the event of an occurrence, it is further agreed that any insurance maintained by the City of Lenexa, Kansas, its officers, commissions, agents and employees shall apply in excess of and not contribute with insurance provided by policies named in this contract.

2. **INVOICING AND PAYMENTS:** Invoices shall be prepared and submitted to the address shown on any purchase orders generated as a result of the award of this proposal. Invoices shall contain the following information: purchase order number, description of services, unit prices and extended totals.

3. **PAYMENT SCHEDULE:** The payment schedule is negotiable.

4. **CONTRACT PERIOD:** It is the intention of the City to enter into a contract for a period of approximately twelve (12) months. The start date will be negotiated. The contract to be executed by the parties shall be substantially the same form as the City's standard Consultant Services Agreement.

5. **OPTION TO RENEW CONTRACT:** The City reserves the sole right to renew said contract for three (3) additional twelve (12) month periods.

6. **CONTRACT PRICING:** The prices quoted by the successful respondent shall remain firm during the initial contract period. Prices for contract renewal periods may be negotiated based upon any documented changes in the cost of labor and/or materials.

7. **CODES AND REGULATIONS:** All work within the scope of this request shall be completed by the successful respondent to all applicable current prevailing codes and regulations.

8. **LICENSE AND PERMITS:** The successful respondent shall be appropriately licensed for the work proposed. The successful respondent shall be responsible for obtaining any and all permits required.

9. **FAILURE TO SUPPLY:** The contractor will make every attempt to supply the awarded services within the time frame(s) requested on each order. Failure to supply said services may be cause-in-need for the City to procure in the open market, services meeting or similar to that specified in the contract.

10. **ADDITIONAL SERVICES:** New services shall be added to the contract if there is mutual consent of the contracting parties. Such consent shall not be unreasonably withheld.
11. **ADDITIONAL AGENCIES:** The City reserves the right to add additional agencies to this contract with the mutual consent of the contracting parties within the contract period. Such consent shall not be unreasonably withheld.
12. **REFERENCE DOCUMENTS:** The following reference documents are available to potential respondents upon request: the City of Lenexa's Comprehensive Annual Financial Report, the City's Management Letter, Lenexa Convention and Visitors Bureau (CVB) Audit Report, Lenexa Economic Development Council (EDC) Audit Report, the CVB and EDC Management Letter, Firefighters Relief Association Audit Report and the Single Audit of Federal Financial Assistance. Contact Dennis J. Howard, Chief Financial Officer at (913) 477-7544 for copies.

A. **INTRODUCTION**

The City of Lenexa is taking proposals to select a Certified Public Accounting firm to assist in the cities internal audit program, implement GASB 34 and conduct an examination/audit of the accounts as provided by K.S.A. 75-1122 through K.S.A. 78-1124.

B. **SCOPE OF SERVICES**

The purpose of the audit will be to examine the financial records and supplemental information for all funds administered by the City for the year ending December 31, 2001, and annually for three subsequent years, if the contract is renewed with the successful respondent.

The engagement proposal shall include and address the following items:

Internal Audit

1. **Internal Audit Support**

The City has specific internal audit support needs that will need to be addressed. The selected auditing firm will be asked to:

- a. Perform a risk assessment of financial and I.T. audit areas. Based on this risk assessment, the firm should develop an audit plan, and design and execute an audit program for the schedule of audits to be performed in the upcoming year.
- b. Provide emergency fraud audits.
- c. Develop a purchasing card data review/audit process to identify trends and analysis (exception reporting). The ultimate goal of this process will be to reduce risk and potential fraud.

2. **ERP Implementation**

The City is planning to implement a new Enterprise Requirements (ERP) financial system during 2001. At this time, the final two candidates for this new system are JD Edwards and Oracle. Vendor negotiations are scheduled for February 2001 and a final candidate should be selected by April 2001. Required applications to be implemented include Accounts Payable, Accounts Receivable, Animal License, Budget Preparation and Control, Business License, Capital Project Accounting, Cash Management, Fixed Assets, General Ledger, Human Resources, Payroll, Purchasing (including purchasing cards). Optional applications to be implemented include Contract Accounting, Cost Accounting, Fleet Management, Grant Administration and Inventory.

For the selected ERP system and applications, the selected auditing firm will be required to:

- a. Perform an assessment of personnel based on current staffing levels and expected staffing needs as a result of the ERP implementation.
- b. Work with the ERP implementation project team to ensure that proper controls are integrated into the new system.
- c. Establish a Program Management Office to drive and report on all activity related to the various tasks and milestones that are part of the ERP implementation project scheduled for 2001.

3. Activity Based Costing

The City needs to be able to determine the cost for specific municipal services, such as fire and police. The selected auditing firm will need to provide assurance that the ERP system being implemented in 2001 is configured correctly to provide the City with the tools necessary for accurate activity based costing. This particular item is a low priority, and would not need to be performed by the selected firm until 2002.

External Audit

1. City Audit

- a. An examination of the City's financial records performed in a manner that would continue to certify the City's Comprehensive Annual Financial Report to meet the G.F.O.A. Certificate of Excellence award in financial reporting. An opinion shall cover all combined and combining financial statements and individual funds and account group statements.
- b. The examination shall be made in accordance with generally accepted auditing standards, the Kansas Municipal Audit Guide, 1995 Revision, (K.S.A. 10-1208, 12-866, 13-1243, 13-14d12, 75-1122). The audit is to be performed in accordance with OMB circular A-133 for single audits and generally accepted accounting standards, as set forth in the AICPA Audit Guide for State and Local Governments as well as the GFOA's Governmental Accounting, Auditing and Financial Report Publication of June 1988 or any other applicable federal and state regulations.
- c. Periodic progress reviews shall be scheduled with the City's Chief Financial Officer to discuss areas of concern and potential problems.
- d. The audit shall include a thorough audit of internal controls. The audit firm shall provide a management letter, which shall address the City's systems operations, procedures and observations of the internal controls effect.
- e. The audit firm shall prepare the single audit for the City, if necessary.

- f. The audit shall include separate audits and reports of the Firefighters Relief Association of the City of Lenexa, the Lenexa Convention & Visitors Bureau, the Lenexa Economic Development Council and the Lenexa Historical Society.
- g. Responses to the GFOA Review Committee findings on the prior year's CAFR.
- h. Deliver a final draft reports to the City of Lenexa no Later than May 15 of each year. (as stated in item f).
- i. Printing and delivery of the final reports no later than June 15 of each year. At a minimum, 100 copies of the CAFR and 25 of each additional report (as stated in item f.) and management letter shall be provided
- j. Presentation of the findings and reports to the Governing Body.
- k. The examination shall produce an audit opinion, encompassing all the considerations mentioned in Item 1.

2. Surprise Cash Counts and Cash Receipts Procedures Manual

The City is requesting the audit firm to perform semi-annual surprise cash counts for the following departments: Administration-Clerks, Planning and Development, Administration-Courts, Police (general petty cash, reports start-up money and drug buy money), Public Works (petty cash), and Parks and Recreation (community center, senior center, taxi start-up money, pools seasonal start-up money, festival seasonal start-up money and Cottonwood Little League seasonal start-up money). In addition, the firm will review and update the City's Cash Receipts Procedures Manual on an annual basis.

3. GASB 34 Implementation Assistance

The City is requesting the audit firm to provide GASB 34 implementation assistance on an "as needed" basis and the scope of services would be negotiated as they occur. The audit firm should provide in the proposal the billing rates per hour by level (i.e., staff, senior, manager, partner, etc.) for providing such consultation and/or assistance. In addition, the audit firm will be required to perform an assessment of personnel based on current staffing levels and expected staffing needs as a result of the GASB 34 implementation

C. **THE CITY WILL:**

The City will provide to the successful respondent, a draft Comprehensive Annual Financial Report, a budget for the year audited, a list of schedules prepared by the City as agreed upon by the City and the Contractor, any responses to last year's management letter and any legal documents necessary to conduct the annual audit.

D. **SELECTION PROCESS**

The RFP's will be reviewed and rated on the following criteria:

1. Quality of similar work that has been provided for other public and private entities.
2. Firm personnel:
 - a) Comparable experience and background of the specific personnel that shall be assigned to the team that shall serve the City.
 - b) Ability of firm to retain staff who work on City audit to maintain continuity.
3. Overall responsiveness to the RFP.
4. Extent of applicable resources available to the firm.
5. Project approach:
 - a) Understanding of services required by the City as evidenced in the Letter of Transmittal.
 - b) Response to request for information.

After the RFP's have been reviewed and rated, interviews will be conducted with the top ranked firms. **A meeting will be held at the City of Lenexa on XX, 2001 to answer any and all questions regarding the RFP and proposals. Additional information on this meeting will be sent out a few days after the RFP has been distributed.**

Proposed costs for the City's project shall be submitted only by the top ranked firms at the time of their interviews.

Based on the response to this RFP, any additional required submittals, and the interview and proposed costs a firm will be selected to provide to the City the services required in this RFP.

The staff will then endeavor to negotiate a contract with the successful firm. In the event that a mutually agreeable contract cannot be negotiated with said firm, the staff will then enter into contract negotiations with the next highest rated firm, and so on until a mutually agreeable contract can be negotiated.

FORMAT FOR SUBMISSION OF PROPOSAL

INFORMATION TO BE PROVIDED

In order to simplify the review process and obtain the maximum degree of comparison, proposals must be organized in a standard format. **The proposal should indicate whether your firm is proposing on the external audit, internal audit or both. If proposing on both the external and internal audit the proposal should be divided into separate sections for the external audit and internal audit needs of the City, with associated fees, expenses and staffing for each section.** The following outline for organizing the proposal shall be used to provide necessary information.

Title Page

1. Indicate the name of the firm, local address, telephone number, facsimile number and name of the contact person and date.

Table of Contents

1. Include a clear identification of the material by section and page number.

Letter of Transmittal

1. Limit to one or two pages.
2. Briefly state the firm's understanding of the services to be performed and make a positive commitment to perform the services within the time period stated.
3. State the names of the persons who will be authorized to make representation for the firm, their titles, addresses and telephone numbers.
4. State the person signing the letter is authorized to bind the firm.

Profile of the Firm

1. State whether the firm is local, regional or national.
2. State the location of the office from which the service is to be performed and the number of professional staff employed at that office.
3. Describe the range of activities performed by the local office.
4. Describe the local office's capability of auditing governmental units, including the number of personnel skilled in governmental auditing.
5. Describe the range of internal audit activities performed by the local office and representative internal audit clients served in an outsourcing or cosourcing capacity.

6. State the firm is a properly licensed CPA firm.

Firm Qualifications

1. Describe how you would approach the audit, including the manner in which you intend to use computer assisted auditing procedures and statistical sampling techniques. If statistical sampling techniques will not be used, indicate how sampling will be done.
2. Describe your overall internal audit approach and how your approach will be tailored to the specific needs of the City. In addition, describe how each of the following services would be provided:
 - a. Develop a risk assessment.
 - b. Develop an audit plan.
 - c. Design audit programs.
 - d. Execute audit programs.
 - e. Deliverables, recommendations, etc.
 - f. Provide emergency fraud audits
3. Describe the procedures to be followed in the technical review of audit reports to their issuance by qualified personnel independent of the audit engagement personnel. Name personnel to be assigned to the project and how they qualify.
4. Identify the office partners, managers and key staff members who would be assigned to the audit and/or internal audit. Describe their roles and provide a brief description of their professional experience, including experience in governmental auditing.
5. Explain how you would use City personnel to assist you during the external audit and indicate the approximate time requirements to be placed upon them.
6. Comment on your ability to assist the City in maintaining the GFOA Certificate of Excellence in Financial Reporting.
7. Describe the firm's personnel development program and the continuing professional education requirements. Identify specialized programs in the area of City and Municipal accounting and auditing.
8. Describe the experience and knowledge which your firm and your local office have in Federal programs, including such matters as grant processes, program regulations and guidelines, management responsibility, compliance requirements and auditing, and evaluation. The programs covered should include all Federal and State funded programs.

9. Describe your firm's capability to provide management consulting services and information systems auditing to governmental units and identify your office consultants who are currently available to provide such services.
10. Describe specific instances in which your firm has demonstrated responsive service, meeting of deadlines and other value added areas of service for your public sector client base.
11. Identify your firm's current City and Municipal auditing engagements in population centers in excess of 35,000 people and indicate which other accounts have been served within the last five (5) years. Those governmental units that received a Certificate of Excellence in financial reporting should also be identified. List the name and telephone numbers of client references for three recent local audits completed.
12. Confirm that your firm is in compliance with the legal and administrative requirements of the Civil Rights Act of 1964, as amended, by Executive Order Numbers 11246 and 11141.
13. Estimate the total number of hours anticipated for this engagement by job classification. This estimate should cover all requirements identified by the City for this engagement, unless only bidding on the internal audit.
14. Firms bidding on both the external and internal audits should describe what internal audit work is assumed to be completed and relied on in their external audit pricing.
15. Prepare a list of schedules you will require from the City, other than the financial schedules with the CAFR, that the City would have to prepare with examples. The examples should be complete enough so that the City can determine the staffing requirements needed to complete the forms.
16. Agree that as new auditors are selected, the auditor of the previous year must make available audit work papers, documentation and date reconciliation as might be needed by such new qualified auditors.
17. Provide any other information, which you feel, will assist the City in making its selection.

ATTACHMENT II

COST SUMMARY FORMAT

Cost Summary Format

<u>Required Services</u>	Annual Cost	Additional Per hr charge
Internal Audit		
Internal Audit Support	\$ _____	\$ _____
ERP Implementation	\$ _____	\$ _____
Activity Based Costing	\$ _____	\$ _____
External Audit		
City of Lenexa	\$ _____	\$ _____
Firefighters Relief Association	\$ _____	\$ _____
Lenexa Convention & Visitor Bureau	\$ _____	\$ _____
Lenexa Economic Development Comm.	\$ _____	\$ _____
Semi-Annual Surprise Cash Counts and Cash Receipts Procedures Manual	\$ _____	\$ _____
GASB 34 Implementation Assistance	\$ _____	\$ _____
Other Costs	\$ _____	\$ _____
Optional Costs	\$ _____	
	\$ _____	
	\$ _____	
	\$ _____	
	\$ _____	
Total	\$ _____	

Please indicate the estimate annual increase if contract is extended beyond its one year Limit.

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