REQUEST FOR PROPOSAL:
AUDIT SERVICES

January 28, 2013

RFP Website: http://communityservices.us/about/financial-reports/

{Website: It is the intent to place the RFP and links to associated CSC documents on the website. If questions are submitted, they will be posted to the website.}

Contact person for RFP:
Debbie Jackson
Finance Director
(541) 704-7623
djackson@communityservices.us
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REQUEST FOR PROPOSALS
COMMUNITY SERVICES CONSORTIUM
ANNUAL INDEPENDENT AUDIT

January 27, 2013

Community Services Consortium (hereinafter called “CSC”) invites qualified independent licensed municipal auditors (hereinafter called “auditor”) having sufficient governmental and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP) to submit a proposal. There is no expressed or implied obligation for CSC to reimburse auditor for any expenses incurred in preparing proposals in response to this request.

CSC’s external auditor has been Grove, Mueller & Swank, PC. since they were engaged to audit the June 30, 2001 Comprehensive Annual Financial Report (CAFR). Upon completion of the audit of the fiscal year ended June 30, 2012 CAFR, CSC’s external auditor will have performed eleven consecutive years of audit. CSC has received an unqualified opinion for all of these fiscal years.

A special extension for audit services was made due to funding under the American Recovery and Reinvestment Act (ARRA). The ARRA funds have been almost entirely expended as of June 30, 2012.

CSC has had no disagreements with its current auditors. The RFP process has been developed to allow a fair and timely evaluation of experienced applicants. The audit fees for CSC in the five most recent years are:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
<th>Total Expended</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>$36,000</td>
<td>$21,780,643</td>
<td></td>
</tr>
<tr>
<td>2008-2009</td>
<td>$37,000</td>
<td>$25,739,614</td>
<td></td>
</tr>
<tr>
<td>2009-2010</td>
<td>$45,000</td>
<td>$28,982,125</td>
<td>ARRA Funds</td>
</tr>
<tr>
<td>2010-2011</td>
<td>$45,000</td>
<td>$26,091,037</td>
<td>ARRA funds</td>
</tr>
<tr>
<td>2011-2012</td>
<td>$41,500</td>
<td>$24,897,147</td>
<td>ARRA funds</td>
</tr>
<tr>
<td>2012-2013</td>
<td>RFP</td>
<td>$23,629,411</td>
<td>Budgeted</td>
</tr>
</tbody>
</table>

OVERVIEW

Community Services Consortium is one of approximately one thousand community action agencies fighting the increase of poverty in our nation. CSC is a primarily grant-based entity that operates within a governmental structure as a Council of Governments under Oregon Revised Statute Section 190. In that respect, our major sources of funding are determined by applying for and acquiring federal, state, local and donation funding to assist our recipients. It is important to note that CSC has no permanent tax base to raise resources.
CSC was established thirty three years ago by intergovernmental agreement among the Boards of Commissioners of Benton, Lincoln and Linn counties, of Oregon in July 1980, to coordinate the planning and delivery of social services to residents. As a partnership of the three counties, CSC is a public, nonprofit agency classified by the IRS as an instrumentality of a governmental unit. Most of our programs focus on helping people overcome the causes and conditions of poverty by providing services leading to productive and self-sufficient lives.

The Governing Board (made up of the nine County Commissioners) of CSC also serves as the Board for five non-profit corporations that are tax-exempt under Internal Revenue code Section 501(c)(3) and are not considered as private foundations. These private non-profit corporations allow CSC to apply for donor-specified funds not otherwise available to CSC as a municipal corporation. Because of this financial accountability, the activities of five non-profit corporations are included in the Comprehensive Annual Financial Report of Community Services Consortium. CSC has earned, and intends to continue earning, the GFOA Certificate of Achievement for Excellence in Financial Reporting.

CSC’s 2012-2013 Adopted Budget and CSC’s Comprehensive Annual Financial Report for the year ended June 30, 2012 may be obtained on CSC’s website at www.communityservices.or.us/about/financial-reports/ or from Debbie Jackson, the RFP contact person.

See Exhibit A for the CSC Organizational Chart.

**ACCOUNTING RECORDS**

CSC’s accounting records are located in the Finance Department at 250 Broadalbin St. SW, Ste 2A, Albany, Oregon. The computerized budget and accounting records are processed using Sage 100 Fund Accounting software. The modules used by CSC include GL, Payroll, Accounts Payable, Fixed Assets, Budget Prep, and Human Resources. The financial system uses batch processing. System development and improvements are provided by Sage Software. CSC’s in-house information technology personnel are responsible for security, backups and installing vendor upgrades. CSC has used Sage Software since 2000.

In addition to the primary accounting system, departments may use either third party vendor software or internally developed software for their operations.

Budgets are adopted annually. CSC uses the overall agency as the legal basis of budget appropriation in the categories of Personal Services, Materials and Services, Capital Outlay and Fund Balances/Transfers. CSC’s budget, of approximately $23.6 million for the year ended June 30, 2013, includes 98 full-time equivalents (FTE’s).

The accounting policies of CSC conform to generally accepted accounting principles (GAAP) as applicable to governments. The interim reports and records of CSC are prepared on the budgetary basis prescribed by state law and are adjusted to GAAP for the annual report.
Overview of the Division of Finance Department:

The accounting staff of the department is highly qualified in their fields. The Finance Manager is a Certified Public Accountant and a Certified Fraud Examiner and has forty years of accounting, auditing, and tax experience. The average tenure for the staff of the Finance Division is ten years.

See Exhibit B for organizational chart of CSC’s Administrative Services.

**AUDIT ASSISTANCE AVAILABLE TO AUDITOR**

The Finance Department staff, consisting of the Finance Manager, a Financial Analyst, Payroll Specialist and three Accounting Technicians (GL, Payroll and Accounts Payable) will provide assistance during the audit. This includes the preparation of all necessary confirmations, completion of worksheets, retrieval and re-filing of source documents, preparation of reports and schedules prior to and during fieldwork. Auditors will have access to all printed reports and the computer system to view records and print reports. Much of the financial information can be exported into electronic formats. Reasonable workspace, tables/desks and chairs will be made available for audit staff fieldwork. The audit staff will also be provided with access to telephone lines, photocopying and facsimile machines.

CSC’s fiscal year ends June 30 each year. CSC records additional accruals through August 31. A trial balance, and all agreed upon schedules will be available for the auditors by the end of September.

**TYPE OF AUDIT**

The audit will encompass a financial and compliance examination of CSC’s Comprehensive Annual Financial Report (CAFR) in accordance with the laws and/or regulations of the State of Oregon (which include requirements for the minimum scope of the audit). The CAFR includes the basic financial statements, required and other supplementary information and compliance reports. The auditor is not obligated to audit the supplementary information nor the statistical section of the CAFR and compliance report. The financial and compliance audit will cover federal, state, and local funding sources in accordance with all of the following:

- Generally Accepted Auditing Standards
- Government Auditing Standards
- The provisions of OMB Circular A-133: Audits of State, Local Governments, and Non-Profit Organizations
- The State Single Audit Implementation Act; and
- Applicable laws and regulations.

**AUDIT SERVICE PERIOD**

CSC intends to continue the relationship with the selected auditor for a three (3) year term, with two (2) optional one-year renewals.
AUDIT SERVICE REQUIREMENTS

1. The audit will be conducted in accordance with generally accepted auditing standards, the standards in the United States of America 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 provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with Circular A-133, and other procedures considered necessary to express such opinions and to render the required reports for a local government CAFR prepared in accordance with generally accepted accounting principles (GAAP).

The audit will include the financial statements of the governmental activities, each major special revenue fund and the aggregate remaining fund information, which collectively comprise the entity’s basic financial statements. The financial statements will include applicable additional information required by OAR 162 including:

   a. Schedule of expenditures of federal awards
   c. Combining statements
   d. Individual Non-Major Fund statements
   e. Other financial schedules

The financial statements will include Management’s Discussion and Analysis required by generally accepted accounting principles in the United States of America that will be subjected to certain limited procedures, but will not be audited. The financial statements will include an introductory section and a statistical section that will not be subject to auditing procedures for which the auditor’s report will disclaim an opinion.

2. The auditor should also be familiar with and prepared to advise CSC staff on how best to implement both current and proposed GASB Statements. In addition, the auditor is also expected to provide informal advice and consultation throughout the year on matters relating to tax, accounting and financial reporting. This would not necessarily include any task that entails significant research or a formal report.

3. Should circumstances arise during the audit that require significant additional work to be performed in excess of the amounts set forth in the contract, additional costs shall be negotiated prior to commencement of the work and an amended contract will be submitted.

The auditor will prepare the draft of the CAFR, which will be reviewed in detail and approved by the CSC Finance Director. CSC is responsible the content of the Comprehensive Annual Financial Report (CAFR) and has the necessary knowledge and expertise on staff for this review and approval.

CSC will provide adjusted trial balances of all individual funds. The auditor should be available for any meetings that may be necessary to discuss the CAFR.
4. Following the completion of the audit of the fiscal year’s financial statements, the auditor shall issue:

   a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for CSC. The audit will include an expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles in the United States of America and to report on the fairness of the additional information referred to in the first paragraph of the auditors’ opinion when considered in relation to the financial statements taken as a whole. Certain combining and individual financial statements and schedules, and related information are not necessary for a fair presentation, but will be presented as additional analytical data. This supplementary information will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the financial statements taken as a whole.

   b. The audit will also include reporting on

      - Internal controls related to the financial statements and compliance with laws, regulations and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.

      - Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The reports on internal control and compliance will each include a statement that the report is intended for the information and use of management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass through entities and is not intended to be and should not be used by anyone other that these specified parties. If weaknesses are noted, appropriate recommendations should be made and if appropriate, included in a separate management letter. Prior to submission of the completed report, the audit firm's staff shall review a draft of the proposed report and management letter with the Finance Director.

   c. A schedule of findings and questioned costs (Single Audit).

5. The audit and all reports must be completed no later than six months following the fiscal year ending June 30.
6. Each annual audit will include written recommendations made to management, which address any findings, observations, opinions, or comments relating to internal controls, financial systems, compliance or other matters that come to the attention of the auditors during the examination process. This management letter shall be provided in draft form prior to publication of the CAFR and discussed with CSC officials.

7. The auditor shall include in its auditing fee the cost of preparing for publication, printing and binding twenty five (25) copies of the Comprehensive Annual Financial Report. The auditor shall also provide one (1) unbound copy of the CAFR. Copies of such report shall be delivered to CSC. The auditor should also provide to CSC an electronic facsimile of all reports for distribution on CSC’s website. CSC reserves the right to prepare for publication, to print and to bind its CAFR and component unit annual reports. If such right is exercised, CSC and auditor shall negotiate an adjustment to the auditing fee.

8. The working papers shall be retained, at the auditor’s expense, and made available upon request by CSC or any cognizant agency for no less than five years from the date of the audit report.

OTHER SERVICES

1. The planning phase of the audit engagement may commence upon notification to the auditor of acceptance of their proposal. The auditor shall meet with the Finance Director prior to the commencement of each audit to discuss the auditor’s planned approach to the audit and to provide a list of schedules to be prepared by CSC personnel prior to the beginning of fieldwork. It is expected that interim fieldwork would be performed in July or August with the final phase of fieldwork commencing in late October or early November.

2. An exit conference is required of the auditor upon completion of fieldwork to present the CAFR and discuss any management recommendations or required communications with the Finance Manager and the Executive Director. The meeting should occur prior to the December 31 deadline.

3. CSC has received the Government Finance Officers Association’s Certificate of Achievement for Excellence in Financial Reporting since fiscal year 1991 and intends to continue meeting these requirements. The auditor will assist CSC with implementing comments and suggestions provided to CSC with the Summary of Grading Results on the Certificate of Achievement Program for its Comprehensive Annual Financial Report and review CSC’s required responses to the GFOA. The auditor will also assist CSC with the preparation of its CAFR to assure that CSC will continue to obtain the Certificate of Achievement for Excellence in Financial Reporting.
PAYMENT OF FEES

Up to 75% of the total fee may be billed through interim or progress billings prior to submission of the CAFR to the Governing Board. The auditor may submit final billings following the issuance of audited financial statements in the CAFR.

SUBMISSION OF PROPOSALS AND TIME SCHEDULE FOR AWARDSING THE CONTRACT

RFP and associated information may be downloaded directly from CSC’s website at www.communityservices.us/about/financial-reports/. Submitted written questions will be taken up to two weeks before proposals are due. Questions can be submitted by email and should be directed to Debbie Jackson at the noted email address. A written response will be posted to the website above for the benefit of all proposers.

Proposals must be submitted in a sealed envelope marked “RFP – Audit Services” to:

Debbie Jackson, Finance Director
Community Services Consortium
250 Broadalbin St. SW, Ste 2A
Albany, Oregon 97321-2299

Proposals must be physically received by 4:00 p.m. Pacific Standard Time February 20th, 2013. (Under no circumstances will late delivery be accepted.) Postmarks will not be accepted. Four copies of the proposal should be submitted.

If a proposer’s RFP includes any information, not required by law to be furnished, that the proposer considers proprietary, and the proposer requests up front that this information to be held in confidence, CSC will take reasonable efforts to maintain the confidentiality to the extent allowable under Oregon law, including whether the public interest would suffer by disclosure.

It is anticipated staff will review and rank the proposals, potentially invite firms for interviews, make a recommendation to the Governing Board in March and award a contract by April 16, 2013.

CSC reserves the right to modify the dates for preliminary selection and final contract approval based on changes to regularly scheduled Board meeting dates, unanticipated delays in the selection and/or negotiation process, or any other contingency based on the best interest of CSC. Nevertheless, every effort will be made to be respectful of the time constraints put upon public accounting firms in the Spring.

Any questions should be directed to Debbie Jackson, Finance Director, in writing at the above address. Written responses will be available to all interested parties. During the RFP process, no contact should be made regarding the RFP-Audit Services with any of CSC Commissioners or Finance Department staff.
PROPOSAL AND AWARD SCHEDULE

January 28, 2013  Distribute Requests for Proposal
February 20, 2013  Proposals Due to Finance Director’s Office (Due by 4:00 p.m. PDT)
March 1 – 15, 2013  Potential Interviews
March 25, 2013  Take RFP proposed selection to the CSC Governing Board
April 16, 2013  Contract Award
December 15, 2013  Final draft of the CAFR presented to Finance Director

DESCRIPTION OF PROPOSAL ELEMENTS AND SELECTION PROCESS

Four copies of the proposal should be submitted at the time and place indicated in SUBMISSION OF PROPOSALS AND TIME SCHEDULE FOR AWARDING CONTRACT.

Proposals should be submitted in a sealed envelope. CSC reserves the right to reject any or all proposals if there is good cause; to cancel the solicitation; waive technicalities; request clarification or additional information and be the sole judge of suitability of the services for its intended use and further specifically reserves the right to make the award and negotiate a final contract in the best interest of CSC considering cost effectiveness. Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid. CSC reserves the right to retain all submitted proposals.

In order to standardize the review process, the auditor’s proposal must be presented in the following format and include the designated information which mirror the elements to evaluated in the selection process.

1. Title Page
   a. Show the RFP subject, the name of the firm, local address, telephone number, name of contact person, and date. This person must have full authority to bind the firm with respect to all issues. This person should attend all meetings with CSC regarding the preparation of any contract or agreement.

2. Table of contents
   a. Identify the material by section and page number.

3. Letter of Transmittal
   a. Limit of two pages.
   b. Briefly state your understanding of the work to be accomplished and whether or not you can perform the work within the time period.
c. Provide the names of the persons who will be authorized to make representations for your firm, their titles, addresses, and telephone numbers.

4. Profile of the Firm (provide/state how the firm meets the following)
   a. Provide information on whether the firm is local, national, or international.
   b. The firm is independent and licensed to practice in Oregon.
   c. The partner-in-charge must be a municipal auditor licensed in Oregon.
   d. Give the location of the office from which the work is to be performed and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
   e. Describe the range of activities performed by the local office, such as audit, accounting, tax service, or management services.
   f. Describe the local office's computer and word processing capability, including the numbers and qualifications of technical personnel who will support the audit.

5. Summary of the Proposer's Qualifications (in addition to minimum qualifications)
   a. Identify the partners, managers, and supervisors who will work on the audit, including staff from other than the local office. Include resumes for those to be assigned to the audit. (The resumes may be included as an appendix).

6. Describe recent local and regional municipal auditing experience similar to the type being requested and for an entity that approximates the size and complexity of CSC. Provide copies of two (2) financial reports (which should be CAFR’s) including management letters of municipal agencies most recently audited by your firm.

7. Scope Section
   a. Clearly describe the scope of the required services to be provided. The auditors shall familiarize and comply with the provisions of any and all federal, state, and county statutes, local ordinances, charter, bond covenants, administrative code and orders, rules and regulations that may pertain to the work required in the engagement.
   b. Comment specifically on the timeline and how CSC can assist in expediting the audit. Describe assistance expected from CSC staff, if other than outlined in the RFP.

8. Compensation
   a. Estimate the total hours and maximum fee for the audit of the fiscal year ended June 30, 2013. Include the hourly rates to be charged for each staff classification. Include the expected level of fees for future engagements. Please also provide a total amount charged for drafting the audit report, as part of the total fee.
   b. For each additional proposal year, including extensions, please provide the total hours and maximum fee.

9. Additional Information
a. Provide in this section any additional information considered essential to the proposal. If there is no additional information to present, indicate such in this section.

b. Provide most recent Peer Review letter for the firm.

c. Provide a narrative as to whether the firm has been sanctioned by the Oregon Board of Accountancy or not. If so, please provide details.

10. References

a. Please provide a minimum of three (3) references that CSC may contact regarding audit services provided by your firm. Please include entity name, contact person’s name and position, address, phone number and email address.

ADDITIONAL INFORMATION AND CONTACT

1. CSC will not be liable for any costs incurred in the preparation and submission of proposals.

2. The submission of a proposal shall be evidence that the proposer has full knowledge of the scope, nature, quantity, and quality of work to be performed; the detailed requirements of the specifications; and the conditions under which the work is to be performed.

3. The proposer shall furnish such additional information that CSC may reasonably require.

4. CSC may conduct personal interviews of finalists as part of the selection process. CSC will not be liable for any costs incurred by the proposer in connection with such interviews (i.e., travel, accommodations, etc.).

5. Interviews may be held at the sole discretion of CSC. If held, a possible 50 points will be attributed to interviews, the interview scores will be added to the regular ranking scores and the list re-ordered. Then, final negotiations shall be conducted with the top-ranked Proposer.

6. CSC reserves the right to reject any and all proposals or accept the proposal it considers most favorable to CSC’s needs and reserves the right to waive minor irregularities in the procedures. CSC further reserves the right to reject all proposals and seek new proposals when such procedure is in the best interest of CSC.

7. Responses to this RFP will become an attachment to the contract.

Requests for additional information or clarification should be submitted in writing. Responses will be made in writing and posted to CSC Website at www.communityservices.us/about/financial-reports/.

The contact person for these requests will be:

Debbie Jackson
Finance Director
Community Services Consortium
djackson@communityservices.us
250 Broadalbin St. SW, Ste 2A
Albany, OR 97321-2299
EVALUATION OF PROPOSALS

Proposals will be evaluated using a predetermined method to ascertain which best meets the needs of CSC. The evaluation will consider:

1. How thoroughly the proposal depicts an understanding of the work to be performed.

2. The firm's technical experience.

3. The audit team's experience and professional development, including experience in local government auditing.

4. The audit approach of the firm - is it thorough, original, comprehensive, and consistent with the needs and values of CSC?

5. Experience working with requirements for the GFOA Certificate of Achievement for Excellence in Financial Reporting.

6. Experience working with "single audit concept" under the OMB Circular A-133.

7. Experience with the types of grants currently budgeted for CSC.

8. Cost, although a significant factor, may not be the dominant factor. Cost is particularly important when all of the other evaluation criteria are equal.

After the top three to five candidates have been selected through the above process, oral interviews may be arranged to assist in making the final selection.
**AUDIT SERVICES PROPOSAL SCORESHEET**  
Responses to RFP Opened February 20, 2013

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<tr>
<th>ACCOUNTING FIRM: _________________________</th>
<th>REVIEWER: __________</th>
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**SELECTION CRITERIA (Comments & Relative Score):**

1) Clearly demonstrating a full understanding of the work to be performed (15%).

2) Thoroughness of the proposal (10%).

3) Accounting firm’s local government auditing experience (25%).  
   (Including customer service and references)

4) Experience and makeup of the proposed audit team (15%).

5) Experience with types of grants budgeted by CSC (15%).

6) Proposed fees for the services to be provided (20%)

7) Interview points, if applicable (additional 50%)

**TOTAL:** __________