

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF AUTHORIZING THE)	RESOLUTION NO. 06-3673
AUDITOR TO RELEASE A REQUEST FOR)	
PROPOSALS AND EXECUTE A CONTRACT)	Introduced by Alexis Dow, CPA
FOR INDEPENDENT AUDIT SERVICES FOR)	Metro Auditor and Councilor Hosticka
FINANCIAL ACTIVITY DURING FISCAL)	
YEARS THROUGH JUNE 30, 2008)	

WHEREAS, State ORS provision 297.465 requires an annual independent audit of Metro's financial statements; and

WHEREAS, Contract No. 924216 with Grant Thornton LLP, independent Certified Public Accountants, previously utilized for such services, will expire on June 30, 2006; and

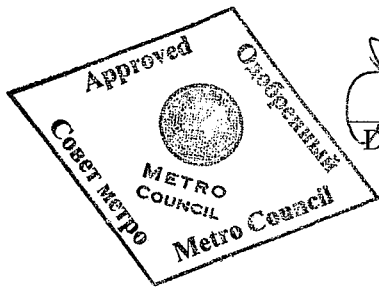
WHEREAS, Metro Code Section 2.04.026 requires Metro Council approval prior to issuance of a Request for Proposals (RFP) and the execution of a contract for more than one fiscal year which would have a significant impact on Metro; and

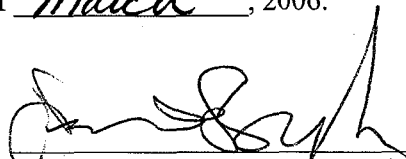
WHEREAS, Metro Code Section 2.04.054 requires competitive proposals for personal services contracts; and

WHEREAS, Metro Code Section 2.15.80 requires the Metro Auditor to appoint the external certified public accountant to conduct certified financial statement audits as specified in state and local laws; now, therefore,

BE IT RESOLVED that the Metro Council hereby authorizes the Metro Auditor to release a Request for Proposals (RFP) for Independent Audit Services in a form substantially similar to the attached Exhibit A. The Metro Council authorizes the Metro Auditor to execute a contract with the most advantageous proposer.

ADOPTED by the Metro Council this 2nd day of March, 2006.





 David Bragdon, Council President

Approved as to Form:



 Daniel B. Cooper, Metro Attorney

Request for Proposals

**FOR
INDEPENDENT AUDIT SERVICES
RPF-06-1174-AUD**

I. INTRODUCTION

The Metro Auditor, an elected official of Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, located at 600 NE Grand Avenue, Portland, OR 97232-2736, is requesting proposals for independent audit services.

Proposals will be due no later than 4:00 p.m., [three weeks after release date] in the Metro Auditor's office.

Each proposer may schedule up to ninety (90) minutes with Metro staff to answer additional questions.

Details concerning the project and proposal are contained in this document.

II. BACKGROUND/HISTORY OF PROJECT

Metro is the nation's only directly elected regional government. Metro's primary responsibilities include regional land use and transportation planning, solid waste disposal and waste reduction programs, Oregon Zoo operations, open spaces acquisition, regional park management and operation of the region's spectator facilities. Metro accomplishes the latter through the Metropolitan Exposition-Recreation Commission (MERC). The Metro Council, composed of seven councilors who represent individual districts inside Metro's jurisdiction, governs Metro. The Metro Council conducts its business in weekly meetings. Metro's Auditor is elected region-wide. The Metro Auditor provides financial and performance audits of Metro's programs and activities. Additional background information is provided in Appendix D.

III. PROPOSED SCOPE OF WORK/SCHEDULE

Services Requested

Metro is seeking proposals from qualified firms to perform the following services and to deliver the products described:

Request for Proposals

The Metro Auditor invites qualified independent certified public accountants to submit proposals to audit Metro's annual financial statements for the fiscal years ending June 30, 2006, 2007 and 2008. Metro is seeking proposals to enable selection of the firm best qualified to provide:

- Annual audit of the financial statements for Metro as required under generally accepted auditing standards and the Minimum Standards for Audits of Oregon Municipal Corporations
- Annual "Single Audit" covering Metro's federal awards in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133 and related necessary reports pertaining to Metro's internal control, compliance with applicable laws, regulations, grants and contracts, and the Schedule of Expenditures of Federal Awards
- The audit firm shall review Metro's method of determining Department Assessments under General Revenue Bond covenants, as required by ordinance 91-439, section 501(c) and provide a report of that review including any recommendations for improvements.

Proposed Scope of Work

Each audit shall be made in accordance with the following standards:

- Generally Accepted Auditing Standards promulgated by the American Institute of Certified Public Accountants
- Minimum Standards for Audits of Oregon Municipal Corporations promulgated by the Secretary of State
- Standards for Audit of Governmental Organizations, Programs, Activities and Functions, published by the U.S. General Accounting Office
- OMB Circular A-133, Expenditures of Federal Awards
- State of Oregon and local laws and regulations

In addition, the audit firm will consider comments received from the Government Finance Officers Association Certificate of Achievement program review, as appropriate. The scope of each audit will be planned to preclude the need for exceptions due to scope limitations. A formal audit plan detailing audit scope, audit risks, and accounting and auditing developments will be reviewed with the Metro Auditor and Metro Audit Committee.

Comprehensive Annual Financial Report (CAFR) – Metro staff shall produce a complete copy of the CAFR in draft form by approximately October 20 of each year and shall submit such report to the independent audit firm for review.

A report on the audit of the basic financial statements and independent auditor comments and disclosures required by the Minimum Standards for Audits of Oregon Municipal Corporations shall be issued by the audit firm no later than November 15.

Request for Proposals

The audit firm shall meet with the Metro Audit Committee no later than November 20.

The CAFR will be issued no later than December 1.

Supplementary information other than Required Supplementary Information (RSI) are to be subject to auditing procedures "in relation to" the basic financial statements taken as a whole as required by Statements on Auditing Standards.

Report on the Single Audit – The audit firm will issue a report on the results of a single audit of Metro's federal awards in accordance with the U.S. Office of Management and budget Circular A-133. Metro staff will provide the Schedule of Expenditures of Federal Awards.

The audit firm shall submit two preliminary drafts of the single audit report by November 15 of each year to the Metro Auditor for review and comment. The audit firm will prepare and deliver 35 copies of the final single audit report to the Metro Auditor no later than December 1 of each year.

The report on the single audit shall include:

- Independent Auditors' Report on Basic Financial Statements.
- Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Award Program and on the Schedule of Expenditures of Federal Awards
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
- Prior Findings
- Other statements or reports to satisfy federal, state and local regulations or requirements.

Management Recommendations Letter – The audit firm will submit recommendations annually to the Metro Auditor in letter form. The letter will include any findings, observations, opinions, comments or recommendations relating to internal control; accounting systems; data processing; compliance with laws, rules and regulations; or any other matters that come to the attention of the independent auditor during the course of the audit. These recommendations will not be construed as special or additional studies. They will be limited to those usually associated with the study of internal control systems and procedures as a part of an audit of financial statements.

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The discussion draft shall be submitted to the Metro Auditor by November 30 of each year. Fifty copies of the final letters are required no later than December 15 of each year. The recommendations will be discussed with the Metro Auditor, the Metro Audit Committee and other appropriate Metro officials prior to publication.

Secretary of State Summary of Revenues and Expenditures – The audit firm shall prepare the Summary of Revenues and Expenditures required by the Secretary of State for the State of Oregon and deliver the report to the Finance staff no later than November 30 of each year.

Additional Responsibilities and Services – Metro has been awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for its FY 1992 through 2004 CAFRs. This award demonstrates that Metro's CAFR complies with generally accepted accounting principles and applicable legal requirements and is easily readable, efficiently organized and conforms to program standards. Metro intends to annually submit its CAFR to the GFOA Certificate program and to continue to receive the award. Metro may require minor technical assistance from the audit firm relating to presentation or disclosure issues.

Proposals shall also contain provisions for dealing with extraordinary circumstances discovered during the audit that may require an expansion of audit work beyond that which was originally planned.

In addition, the audit firm may be requested to perform special projects for Metro during the year. Because of variations in the demand for additional services, such work will be contracted for, provided and billed separately to Metro on an hourly basis.

Materials and working papers developed during the engagement will be maintained for a minimum of three (3) years from the audit report date. The audit firm will make work papers available to authorized representatives from Metro, the Oversight Federal Audit Agency and the U.S. General Accounting Office.

Audit Contracts

Contract Period – The audit contract will be for a period of three (3) years, May 1, 2006, through April 30, 2009. The successful proposer shall be required to sign Metro's standard Personal Services Agreement (Appendix A) along with the negotiated Scope of Work.

Prime Contractor Responsibilities – Metro will negotiate and contract only with the successful audit firm. The proposer shall have the responsibility to carry out the contract and shall be the only entity recognized to receive payment from Metro.

Request for Proposals

IV. QUALIFICATIONS/EXPERIENCE

Proposers must be independent certified public accountants. In addition, proposers will complete Appendix B, Proposer's Qualifications and Representations, and submit the completed document as part of their proposals.

V. PROJECT ADMINISTRATION

Pre-audit conferences with the Metro Auditor and Metro staff will be held no later than June 1 each year to discuss audit schedules. The audit firm will commence the audit at a mutually agreeable date, although Metro's preference is for final full fieldwork to begin approximately in mid-September. The audit firm and the Metro Auditor and financial management shall meet periodically to discuss audit-related issues. At a minimum, monthly meetings will be held during the course of the audit fieldwork to report on the progress of the audit. Support and services provided by Metro staff are included in Appendix C.

The audit firm is expected to consult on accounting policy issues and render financial advisory services on matters related to the financial statement audit as deemed necessary. Any unusual conditions encountered during the course of the audit where services of the audit firm must be extended beyond the normal work anticipated will require written notification to the Metro Auditor prior to the commencement of work.

Post-audit conferences to review the various reports and financial statements will be held with the Metro Auditor and Metro Audit Committee, including the Metro Chief Financial Officer, Accounting Manager and other appropriate Metro officials. Audit firm management shall be present at any meetings of the Metro Council when matters regarding the audit or related reports are discussed. Meetings with individual councilors, commissioners or managers may also be requested, but would be highly unusual.

VI. PROPOSAL INSTRUCTIONS

A. Submission of Proposals

Six (6) copies of the proposal shall be furnished to Metro, addressed to Alexis Dow, CPA, Metro Auditor, 600 NE Grand Avenue, Portland, OR 97232-2736.

B. Deadline

Proposals will not be considered if received after 4:00 p.m., [3 weeks after release date].

Request for Proposals

C. RFP as Basis for Proposals

This Request for Proposals represents the most definitive statement Metro will make concerning the information upon which Proposals are to be based. Any verbal information which is not addressed in this RFP will not be considered by Metro in evaluating the Proposal. All questions relating to this RFP should be addressed to Metro Auditor Alexis Dow at (503) 797-1891. Any questions, which in the opinion of Metro, warrant a written reply or RFP amendment will be furnished to all parties receiving this RFP. Metro will not respond to questions received after [one week before due date].

D. Information Release

All Proposers are hereby advised that Metro may solicit and secure background information based upon the information, including references, provided in response to this RFP. By submission of a proposal all Proposers agree to such activity and release Metro from all claims arising from such activity.

E. Minority and Women-Owned Business Program

In the event that any subcontracts are to be utilized in the performance of this agreement, the Proposer's attention is directed to Metro Code provisions 2.04.100.

Copies of that document are available from Purchasing/Contract Office of Metro, Metro Regional Center, 600 NE Grand Avenue, Portland, OR 97232 or call (503) 797-1816.

VII. PROPOSAL CONTENTS

The proposal should briefly describe the ability of the consultant to perform the work requested, as outlined below. Biographies and brochures may be included in an appendix. The proposal should be submitted on recyclable, double-sided recycled paper (post consumer content). No waxed page dividers or non-recyclable materials should be included in the proposal.

A. Transmittal Letter: Indicate who will be assigned to the project, who will be project manager, and that the proposal will be valid for ninety (90) days.

B. Approach/Project Work Plan: Describe how the work will be done within the given timeframe and budget. Include a proposed work plan and schedule.

Request for Proposals

- C. Staffing/Project Manager Designation: Identify specific personnel assigned to major project tasks, their roles in relation to the work required, percent of their time on the project, and special qualifications they may bring to the project. Include resumes of individuals proposed for this contract.

Metro intends to award this contract to a single firm to provide the services required. Proposals must identify a single person as project manager to work with Metro. The consultant must assure responsibility for any subconsultant work and shall be responsible for the day-today direction and internal management of the consultant effort.

- D. Experience: Indicate how your firm meets the experience requirements listed in section IV of this RFP. List financial statement audits conducted over the past five years which involved local government entities of a size and with complexity comparable to Metro. For each of these audits, include the name of the customer contact person, his/her title, role on the project, and telephone number. Identify persons on the proposed project team who worked on each of the other projects listed, and their respective roles. Complete the form provided in Appendix B.
- E. Cost/Budget: Present the proposed cost of the project and the proposed method of compensation. List hourly rates for personnel assigned to the project. Anticipated reimbursable expenses should also be listed. Actual audit fees, including out-of-pocket expenses, have been \$96,300; \$90,854; and \$70,000 for FY 2005, 2004, and 2003, respectively.
- F. Exceptions and Comments: To facilitate evaluation of proposals, all responding firms will adhere to the format outlined within this RFP. Firms wishing to take exception to, or comment on, any specified criteria within this RFP are encouraged to document their concerns in this part of their proposal. Exceptions or comments should be succinct, thorough and organized.

VIII. GENERAL PROPOSAL/CONTRACT CONDITIONS

- A. Limitation and Award: This RFP does not commit Metro to the award of a contract, nor to pay any costs incurred in the preparation and submission of proposals in anticipation of a contract. The Metro Auditor reserves the right to waive minor irregularities, accept or reject any or all proposals received as the result of this request, negotiate with all qualified sources, or to cancel all or part of this RFP.
- B. Billing Procedures: Proposers are informed that the billing procedures of the selected firm are subject to the review and prior approval of Metro before reimbursement of services can occur. Contractor's invoices

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shall include an itemized statement of the work done during the billing period, and will not be submitted more frequently than once a month. Metro shall pay Contractor within 30 days of receipt of an approved invoice.

- C. Validity Period and Authority: The proposal shall be considered valid for a period of at least ninety (90) days and shall contain a statement to that effect. The proposal shall contain the name, title, address, and telephone number of an individual or individuals with authority to bind any company contacted during the period in which the Metro Auditor is evaluating the proposal.

- D. Conflict of Interest. A Proposer filing a proposal thereby certifies that no officer, agent, or employee of Metro or Metro has a pecuniary interest in this proposal or has participated in contract negotiations on behalf of Metro; that the proposal is made in good faith without fraud, collusion, or connection of any kind with any other Proposer for the same call for proposals; the Proposer is competing solely in its own behalf without connection with, or obligation to, any undisclosed person or firm.

IX. EVALUATION OF PROPOSALS

- A. Evaluation Procedure: Proposals received that conform to the proposal instructions will be evaluated. The evaluation will take place using the evaluation criteria identified in the following section. Interviews may be requested prior to final selection of one firm.

- B. Evaluation Criteria: This section provides a description of the criteria which will be used in the evaluation of the proposals submitted to accomplish the work defined in the RFP.

	<u>Percentage of Total Score</u>
<i>Budget/Cost Proposal</i>	65%
<ul style="list-style-type: none"> ▪ Projected cost/benefit of proposed work plan/approach ▪ Commitment to budget and schedule parameters 	
<i>Expertise and Experience</i>	25%
<ul style="list-style-type: none"> ▪ Project firm and staff ▪ Commitment to project 	
<i>Audit Work Plan/Approach</i>	5%
<ul style="list-style-type: none"> ▪ Demonstration of understanding of the project objectives ▪ Performance methodology 	
<i>Reference Check</i>	5%
	100%

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X. NOTICE TO ALL PROPOSERS – STANDARD AGREEMENT

The attached personal services agreement is a standard agreement approved for use by the Office of Metro Attorney. This is the contract the successful Proposer will enter into with Metro; it is included for your review prior to submitting a proposal.

Personal Services Agreement

Contract # _____

THIS AGREEMENT is between the Metro Auditor, an elected official of Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, located at 600 N.E. Grand Avenue, Portland, OR 97232-2736, and _____, referred to herein as "Contractor," located at _____.

In exchange for the promises and other consideration set forth below, the parties agree as follows:

1. Duration. This personal services agreement shall be effective _____ and shall remain in effect until and including _____, unless terminated or extended as provided in this Agreement.
2. Scope of Work. Contractor shall provide all services and materials specified in the attached "Exhibit A -- Scope of Work," which is incorporated into this Agreement by reference. All services and materials shall be provided by Contractor in accordance with the Scope of Work, in a competent and professional manner. To the extent that the Scope of Work contains additional contract provisions or waives any provision in the body of this Agreement, the Scope of Work shall control.
3. Payment. Metro shall pay Contractor for services performed and materials delivered in the amount(s), manner and at the time(s) specified in the Scope of Work for a maximum sum not to exceed _____ AND _____/100THS DOLLARS (\$_____).
4. Insurance.
 - a. Contractor shall purchase and maintain at the Contractor's expense, the following types of insurance, covering the Contractor, its employees, and agents:
 - (1) Broad form comprehensive general liability insurance covering bodily injury and property damage, with automatic coverage for premises, operations, and product liability, shall be a minimum of \$1,000,000 per occurrence. The policy must be endorsed with contractual liability coverage; and
 - (2) automobile bodily injury and property damage liability insurance coverage shall be a minimum of 1,000,000 per occurrence.
 - b. Metro, its elected officials, departments, employees, and agents shall be named as ADDITIONAL INSUREDS. Notice of any material change or policy cancellation shall be provided to Metro 30 days prior to the change or cancellation.
 - c. Contractor, its subcontractors, if any, and all employers working under this Agreement that are subject employers under the Oregon Workers' Compensation Law shall comply with ORS 656.017, which requires them to provide Workers' Compensation coverage for all their subject workers. Contractor shall provide Metro with certification of Workers' Compensation insurance including employer's liability. If Contractor has no employees and will perform the work without the assistance of others, a certificate to that effect may be attached, as Exhibit B, in lieu of the certificate showing current Workers' Compensation.
 - d. If required by the Scope of Work, Contractor shall maintain for the duration of this Agreement professional liability insurance covering personal injury and property damage arising from errors, omissions, or malpractice. Coverage shall be in the minimum amount of \$500,000. Contractor shall provide to Metro a certificate of this insurance, and 30 days' advance notice of material change or cancellation.
 - e. Contractor shall provide Metro with a Certificate of Insurance complying with this article, and naming Metro as an additional insured within fifteen (15) days of execution of this contract, or twenty-four (24) hours before services under this contract commence, whichever date is earlier.
5. Indemnification. Contractor shall indemnify and hold Metro, its agents, employees and elected officials harmless from any and all claims, demands, damages, actions, losses and expenses, including attorney's fees, arising out of or in

Personal Services Agreement

any way connected with its performance of this Agreement, or with any patent infringement or copyright claims arising out of the use of Contractor's designs or other materials by Metro and for any claims or disputes involving subcontractors.

6. Ownership of Documents and Maintenance of Records. Unless otherwise provided herein, all documents, instruments and media of any nature produced by Contractor pursuant to this agreement are Work Products and are the property of Metro, including but not limited to: drawings, specifications, reports, scientific or theoretical modeling, electronic media, computer software created or altered specifically for the purpose of completing the Scope of Work, works of art and photographs. Unless otherwise provided herein, upon Metro request, Contractor shall promptly provide Metro with an electronic version of all Work Products that have been produced or recorded in electronic media. Metro and Contractor agree that all work Products are works made for hire and Contractor hereby conveys, transfers, and grants to Metro all rights of reproduction and the copyright to all such Work Products.

- a. Contractor and subcontractors shall maintain all fiscal records relating to such contracts in accordance with generally accepted accounting principles. In addition, Contractor and subcontractors shall maintain any other records necessary to clearly document:
 - (1) The performance of the contractor, including but not limited to the contractor's compliance with contract plans and specifications, compliance with fair contracting and employment programs, compliance with Oregon law on the payment of wages and accelerated payment provisions; and compliance with any and all requirements imposed on the contractor or subcontractor under the terms of the contract or subcontract;
 - (2) Any claims arising from or relating to the performance of the contractor or subcontractor under a public contract;
 - (3) Any cost and pricing data relating to the contract; and
 - (4) Payments made to all suppliers and subcontractors.
- b. Contractor and subcontractors shall maintain records for the longer period of (a.) six years from the date of final completion of the contract to which the records relate or (b.) until the conclusion of any audit, controversy or litigation arising out of or related to the contract.
- c. Contractor and subcontractors shall make records available to Metro and its authorized representatives, including but not limited to the staff of any Metro department and the staff of the Metro Auditor, within the boundaries of the Metro region, at reasonable times and places regardless of whether litigation has been filed on any claims. If the records are not made available within the boundaries of Metro, the Contractor or subcontractor agrees to bear all of the costs for Metro employees, and any necessary consultants hired by Metro, including but not limited to the costs of travel, per diem sums, salary, and any other expenses that Metro incurs, in sending its employees or consultants to examine, audit, inspect, and copy those records. If the Contractor elects to have such records outside these boundaries, the costs paid by the Contractor to Metro for inspection, auditing, examining and copying those records shall not be recoverable costs in any legal proceeding.
- d. Contractor and subcontractors authorize and permit Metro and its authorized representatives, including but not limited to the staff of any Metro department and the staff of the Metro Auditor, to inspect, examine, copy and audit the books and records of Contractor or subcontractor, including tax returns, financial statements, other financial documents and any documents that may be placed in escrow according to any contract requirements. Metro shall keep any such documents confidential to the extent permitted by Oregon law, subject to the provisions of section E.
- e. Contractor and subcontractors agree to disclose the records requested by Metro and agree to the admission of such records as evidence in any proceeding between Metro and the Contractor or subcontractor, including, but not limited to, a court proceeding, arbitration, mediation or other alternative dispute resolution process.
- f. Contractor and subcontractors agree that in the event such records disclose that Metro is owed any sum of money or establish that any portion of any claim made against Metro is not warranted, the Contractor or subcontractor shall pay all costs incurred by Metro in conducting the audit and inspection. Such costs may be withheld from any sum that is due or that becomes due from Metro.

Personal Services Agreement

g. Failure of the Contractor or subcontractor to keep or disclose records as required by this document or any solicitation document may result in debarment as a bidder or proposer for future Metro contracts as provided in ORS 279B.130 and Metro Code Section 2.04.070(c), or may result in a finding that the Contractor or subcontractor is not a responsible bidder or proposer as provided in ORS 279B.110 and Metro Code Section 2.04.052.

7. Project Information. Contractor shall share all project information and fully cooperate with Metro, informing Metro of all aspects of the project including actual or potential problems or defects. Contractor shall abstain from releasing any information or project news without the prior and specific written approval of Metro.

8. Independent Contractor Status. Contractor shall be an independent contractor for all purposes and shall be entitled only to the compensation provided for in this Agreement. Under no circumstances shall Contractor be considered an employee of Metro. Contractor shall provide all tools or equipment necessary to carry out this Agreement, and shall exercise complete control in achieving the results specified in the Scope of Work. Contractor is solely responsible for its performance under this Agreement and the quality of its work; for obtaining and maintaining all licenses and certifications necessary to carry out this Agreement; for payment of any fees, taxes, royalties, or other expenses necessary to complete the work except as otherwise specified in the Scope of Work; and for meeting all other requirements of law in carrying out this Agreement. Contractor shall identify and certify tax status and identification number through execution of IRS form W-9 prior to submitting any request for payment to Metro.

9. Right to Withhold Payments. Metro shall have the right to withhold from payments due to Contractor such sums as necessary, in Metro's sole opinion, to protect Metro against any loss, damage, or claim which may result from Contractor's performance or failure to perform under this Agreement or the failure of Contractor to make proper payment to any suppliers or subcontractors.

10. State and Federal Law Constraints. Both parties shall comply with the public contracting provisions of ORS chapters 279A, 279B and 279C, and the recycling provisions of ORS 279B.025 to the extent those provisions apply to this Agreement. All such provisions required to be included in this Agreement are incorporated herein by reference. Contractor shall comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations including those of the Americans with Disabilities Act.

11. Situs. The situs of this Agreement is Portland, Oregon. Any litigation over this agreement shall be governed by the laws of the State of Oregon and shall be conducted in the Circuit Court of the state of Oregon for Multnomah County, or, if jurisdiction is proper, in the U.S. District Court for the District of Oregon.

12. Assignment. This Agreement is binding on each party, its successors, assigns, and legal representatives and may not, under any circumstance, be assigned or transferred by either party.

13. Termination. This Agreement may be terminated by mutual consent of the parties. In addition, Metro may terminate this Agreement by giving Contractor seven days prior written notice of intent to terminate, without waiving any claims or remedies it may have against Contractor. Termination shall not excuse payment for expenses properly incurred prior to notice of termination, but neither party shall be liable for indirect or consequential damages arising from termination under this section.

14. No Waiver of Claims. The failure to enforce any provision of this Agreement shall not constitute a waiver by Metro of that or any other provision.

15. Modification. Notwithstanding and succeeding any and all prior agreement(s) or practice(s), this Agreement constitutes the entire Agreement between the parties, and may only be expressly modified in writing(s), signed by both parties.

METRO

By _____

By _____



Personal Services Agreement

Title _____

Title _____

Date _____

Date _____

Appendix B

PROPOSER'S QUALIFICATIONS AND REPRESENTATIONS

The Proposer makes the following statements and representations as part of the proposal:

GENERAL INFORMATION

1. Name (firm or individual) of Proposer: _____
2. Address: _____
3. Federal Employer Identification Number: _____
4. How long have you been in business? _____
5. Are you a corporation? Yes _____ No _____
If yes, please provide the date and state of incorporation, type of corporation, and list the names of all Portland area audit stockholders.
6. Are you a partnership? Yes _____ No _____
If yes, please list names of all Portland area audit partners.
7. Number of professional audit staff employed in the Portland area office. _____
8. In the preceding five years, has the firm audited at least three different local governments? Yes _____ No _____
9. Does the firm have current experience in assisting audit clients in obtaining and/or retaining the GFOA Certificate of Achievement Yes _____ No _____
10. Has the firm ever bid or submitted a proposal to Metro under another name? Yes _____ No _____
If yes, please list the name(s) used.

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12. Does the firm have any outstanding bids or proposals for contracts with Metro? Yes ___ No

If yes, please provide the following:

<u>Subject</u>	<u>Requesting Department</u>
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13. Does the firm have any current contract awards from Metro? Yes ___ No ___

If yes, please provide the following:

<u>Subject</u>	<u>Requesting Department</u>	<u>Amount</u>
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14. Please provide any other information you feel would help the Selection Committee evaluate your firm for this engagement.

ADDITIONAL REPRESENTATIONS

In addition to the foregoing general information, the Proposer certifies that:

15. The Proposer, if an individual, is of lawful age; is the only one interested in this proposal; and that no person, firm or corporation, other than that named, has any interest in the proposal, or in the contract proposed to be entered into.
16. The Proposer and each person signing on behalf of any Proposer certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of their knowledge and belief:
- The prices in the proposal have been arrived at independently without collusion, consultation, communication or agreement for the purpose of restraining competition as to any matter relating to such prices with any other proposer or with any competitor;

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- b. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Proposer prior to the proposal deadline, either directly or indirectly, to any other proposer or competitor;
 - c. No attempt has been made nor will be made by the Proposer to induce any other person, partnership or corporation to submit or not to submit a proposal for the purpose of restraining trade;
 - d. No Council member or other officer, employee, or person, whose salary is payable in whole or in part from Metro is directly or indirectly interested in the proposal, or in the services to which it relates, or in any of the profits thereof;
 - e. Said Proposer is not in arrears to Metro upon any debt or contract, and is not a defaulter, as surety or otherwise, upon any obligation to Metro, and has not been declared irresponsible, or unqualified, by any department of Metro or the State of Oregon, nor is there any proceeding pending relating to the responsibility or qualification of the Proposer to receive public contracts, except (if none, Proposer will insert "none").
 - f. Said Proposer meets the independence requirements of the American Institute of Certified Public Accountants and the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, published by the U.S. General Accounting Office.
17. The Proposer has examined all parts of the RFP, including all requirements and contract terms and conditions thereof, and if its Proposal is accepted, the Proposer shall execute the proposed contract.
 18. The Proposer is duly licensed to do business in the City of Portland and is licensed by the Oregon State Board of Accountancy as a Certified Public Accountant and Municipal Auditor.
 19. The Proposer is and will certify to being an EEO Affirmative Action Employer.
 20. The Proposer has or will provide for all persons employed to perform the services covered by the proposal, or for any other contract for service, in accordance with Oregon Revised Statutes Section 656.001 to 656.794, either as a:
 - Carrier-insured employer, or as a
 - Self-insured employer as provided by ORS 656.407.The Proposer further certifies that evidence of such coverage shall be filed with Metro's Contracts Officer and maintained in effect for the duration of the contract.
 21. The Proposer fully understands and submits its proposal with the specific knowledge that:
 - In the event that the Proposer's proposal is accepted and receives all necessary approvals, the proposal will be incorporated into a contract containing general terms and conditions shown in Appendix A, Personal Services Contract.

The undersigned hereby certifies to the truth and accuracy of all statements, answers and data contained in this proposal and application, and hereby authorizes the Metro Auditor to make any necessary examinations or inquiries in order to make a determination as to the qualifications and responsibility of the Proposer. The undersigned has examined all parts of the Request for Proposals and understands that it is completely discretionary with the Audit Services Selection Committee whether to accept, reject, or negotiate its proposal submitted pursuant thereto.

Signature of Proposer

Title

Appendix C

SUPPORT AND SERVICES PROVIDED BY METRO STAFF

Metro Accounting Division staff provides the following:

TRIAL BALANCES AND OTHER FINANCIAL STATEMENTS

- Trial balances with prior year, budget and actual activity for each budgetary fund. Includes balance sheet and revenue and expenditure accounts.
- GAAP conversion trial balances for all proprietary funds with GAAP journal entries.
- Cash flow statements and support for each applicable fund.
- Completed draft of CAFR including all statements, schedules and note disclosures.

CASH/INVESTMENTS

- Bank and Investment Reconciliations
- Outstanding Check Lists (Operating & Payroll Accounts)
- Deposits In Transit
- Investment Portfolio detail
- Collateral Requirements Analysis

BALANCE SHEET ANALYSIS - ASSETS

- Accounts Receivable Reconciliations
- Fixed Assets detail- All Funds
 - Additions
 - Disposals and Transfers
 - Depreciation Schedule
- Accrued Interest
- Property Tax Accrual

BALANCE SHEET ANALYSIS - PAYABLES

- Accounts Payable Reconciliations
- Salary, withholding and payroll taxes payable reconciliations
- Retainage Payable -All Funds
- Accrued self-insurance actuarial support
- Post-Closure Liability Support
- Deposit- Reconciliations
- Accrued Vacation Summary
- Accrued Vacation Supporting Detail
- Operating Lease Payable Schedule
- Debt Service -- Loans and Bonds Payable Support
- Arbitrage Liability Calculation
- Environmental impairment liability support

OTHER

- Property Tax Revenue/Deferred Revenue Lead Schedule
- Property Tax Transactions
- Commitments Schedule (contracts)
- New Bond Issues or Refundings Detail
- Investment Footnote Support
- Response to GFOA Comments

Appendix C

GRANTS

- Grant Billings at June 30
- Schedule of Expenditures of Federal Awards
- Schedule of Closed Grants
- Schedule of Indirect Costs
- All Grant Agreements and Amendments

EDP AND OTHER REPORTS

- Access to online General Ledger information in PeopleSoft
- Affirmative Action Plan
- Indirect Cost Rate Proposal
- Fiscal Year Unified Work Program
- Budget Amendments and Supplemental Budget
- Budget Hearing Notices
- Budget Documents

Metro staff will also perform the following:

- Provide electronic images or pull hardcopy documents for examination.
- Preparation of additional analyses not listed above as required.

Appendix D

BACKGROUND INFORMATION

Metro is the nation's only directly elected regional government. Metro's primary responsibilities include regional land use and transportation planning, solid waste disposal and waste reduction programs, Oregon Zoo operations, open spaces acquisition, regional park management and operation of the region's spectator facilities. Metro accomplishes the latter through the Metropolitan Exposition-Recreation Commission (MERC). The Metro Council, composed of seven councilors who represent individual districts inside Metro's jurisdiction governs Metro. The Metro Council conducts its business in weekly meetings. Metro's Auditor is elected region-wide. The Metro Auditor provides financial and performance audits of Metro's programs and activities.

Metro will use the following funds in fiscal year 2006 and accounts for all funds on a modified accrual basis for budgetary purposes.

Government-Wide	Fund Type	Budgetary Fund	Fund or subfund
Governmental Activities	Governmental Funds		
	General	General	General Zoo Operating Planning Regional Parks General Revenue Bond-Building General Revenue Bond-Zoo Building Management Support Services
	Special Revenue	Smith and Bybee Lakes Rehabilitation and Enhancement	Smith and Bybee Lakes Rehabilitation and Enhancement
	Debt Service	General Obligation Bond Debt Service	General Obligation Bond Debt Service
	Capital Projects	Open Spaces Metro Capital	Open Spaces Zoo Capital Regional Parks Capital Renewal and Replacement Regional Parks Special Accounts
Business-Type Activities	Permanent	Cemetery Perpetual Care	Cemetery Perpetual Care
	Proprietary funds		
Component Unit	Enterprise	Solid Waste	Solid Waste Revenue
	Internal Service (allocated to Govt/Bus in Govt-Wide)	Risk Management	Risk Management
	MERC Component Unit	MERC Operating	Convention Center Operating PCPA Expo MERC Admin MERC Pooled Capital
	OZF Component Unit	MERC Pooled Capital General Revenue Bond Not a Metro-maintained Fund	MERC Pooled Capital General Revenue Bond-Expo Not a Metro-maintained Fund

Appendix D

Metro currently maintains two checking accounts: 1) accounts payable and 2) payroll (which is a "zero-balance account"). In addition, investments are made with various Oregon financial institutions (certificates of deposit, U.S. Treasury Securities, etc.) in accordance with Metro Code and state law. Metro receives dedicated property tax revenue for bonded debt service and a tax base for zoo operations from three counties (Clackamas, Multnomah, Washington) and has receivable accounts for each. Metro employs approximately 2,000 people during a fiscal year.

Metro's corporate trustee (registrar and co-paying agent) is Bank of New York Trust Company, which maintains separate accounts for various bond issues including but not limited to bond proceeds, debt service, reserve and rebate accounts. In addition to the above accounts, MERC maintains various checking, vault and other cash accounts used for its operations.

Other systems and procedures include:

- Metro's investment policies: set by ordinance.
- Computerized systems: include payroll, purchasing, accounts payable, accounts receivable, billing, general ledger, and financial reporting. Each includes manual tasks as well, and some are not integrated on the ERP system.
- MERC: maintains a separate accounting function that monitors its financial operations. It processes documentation and transactions through Metro's accounting section for budget and financial reporting purposes.
- The following reports are available online at <http://www.metro-region.org/pssp.cfm?ProgServID=81>. Comprehensive Annual Financial Report for fiscal year ended June 30, 2005 and prior years.
- Adopted budget for fiscal year 2005/06.

Metro staff provides support by preparing audit work papers on trial balances and other financial statements, cash and investments, grants, and other areas listed in Appendix C. Metro staff will also pull documents for verification of information and prepare additional analyses as required.

METRO AUDITOR REPORT

IN CONSIDERATION OF RESOLUTION NO. 06-3673 FOR THE PURPOSE OF AUTHORIZING THE AUDITOR TO RELEASE A REQUEST FOR PROPOSALS AND EXECUTE A CONTRACT FOR INDEPENDENT AUDIT SERVICES FOR FINANCIAL ACTIVITY DURING FISCAL YEARS THROUGH JUNE 30, 2008.

Date: March 16, 2006

Prepared by: Alexis Dow, CPA, Metro Auditor

BACKGROUND

State ORS provision 297.465 requires an annual independent audit of Metro's financial statements. The existing contract with Grant Thornton LLP for audit services will expire on June 30, 2006.

Metro Code Chapter 2.04 regarding Metro contract procedures specifies at Section 2.04.054 that competitive proposals be solicited at least once every three years with exceptions allowed. The current contract is expiring and it is time to solicit competitive proposals for independent audit services.

Metro Code Chapter 2.15 specifies at Section 2.15.80 that the Auditor shall appoint external certified public accountants to conduct certified financial statement audits. The Metro Charter Section 18 also specifies that the auditor shall be responsible for financial auditing of all aspects of Metro's operations.

ANALYSIS/INFORMATION

1. Known Opposition

None.

2. Legal Antecedents

State ORS provision 297.465 requires an annual independent audit of Metro's financial statements. The contract with Grant Thornton LLP for audit services will expire on June 30, 2006.

Metro Code Chapter 2.04 regarding Metro contract procedures specifies at Section 2.04.054 that competitive proposals be solicited at least once every three years with exceptions allowed. The current contract is expiring and it is time to solicit competitive proposals for independent audit services.

Metro Code Chapter 2.15 specifies at Section 2.15.80 that the Auditor shall appoint external certified public accountants to conduct certified financial statement audits. The Metro Charter Section 18 also specifies that the auditor shall be responsible for financial auditing of all aspects of Metro's operations.

3. Anticipated Effects

Metro will be in a position to meet its legal obligation to provide independently audited annual financial statements.

4. **Budget Impacts**

The most recent financial statement audit fee was negotiated last year and amounted to \$96,300.00. Recent economic influences, driven in large part by federal Sarbanes-Oxley legislation, have created a high demand for auditors and higher audit fees are expected.

METRO AUDITOR RECOMMENDATION

The Metro Auditor recommends approval of Resolution No. 06-3673.