

COVER SHEET

THIS IS NOT AN ORDER

SUBMITTAL DEADLINE:
TIME: 3:00 p.m.
DATE: March 28, 2017

ISSUE DATE: **March 3, 2017**

PROJECT:
EXTERNAL AUDIT SERVICES

DELIVER PROPOSALS TO:
 Kodiak Island Borough Managers Office 710 Mill Bay Road Kodiak AK 99615

THE ATTACHED TERMS & CONDITIONS SHALL BECOME PART OF ANY CONTRACT RESULTING FROM THIS REQUEST FOR PROPOSAL.

PROPOSALS SHALL BE SUBMITTED IN THE PROPER FORMAT AND MUST HAVE ORIGINAL SIGNATURES ON THE FORMS PROVIDED.

FOR VENDOR USE ONLY: PLEASE RETURN THIS ORIGINAL. MAKE A COPY FOR YOUR FILES.

DATE OF PROPOSAL: _____

BUSINESS LICENSE NUMBER: _____

BUSINESS NAME: _____

MAILING ADDRESS: _____

PHYSICAL LOCATION: _____

TELEPHONE NUMBER: _____

FACSIMILE NUMBER: _____

BY: _____

Print Name

Signature

TABLE OF CONTENTS

1. INSTRUCTIONS FOR RESPONDENTS.....	3
2. GENERAL INFORMATION	4
3. PROPOSAL SUBMISSION REQUIREMENTS	5
4. LOBBYING	5
5. ALTERNATE PROPOSALS.....	6
6. FAX OR EMAIL SUBMITTAL NOT ACCEPTABLE	6
7. WITHDRAWAL, MODIFICATION, OR CORRECTION.....	6
8. LATE PROPOSALS.....	6
9. RESPONSIBILITY TO KEEP INFORMED	6
10. PRICES.....	7
11. VENDOR TAX ID NUMBER.....	7
12. FIRM OFFER	7
13. EXTENSION OF PRICES.....	7
14. PROPOSAL PREPARATION COSTS.....	7
15. CONTRACT FUNDING	7
16. RIGHT TO REJECT AND NOT AWARD	7
17. EQUAL OPPORTUNITY	7
18. CONFLICTS OF INTEREST PROHIBITED	8
19. SUBMITTAL FORMAT REQUIREMENTS	8
20. CONTRACT NEGOTIATION.....	11
21. INSURANCE REQUIREMENTS	11
22. CONTRACT SPECIFICATIONS.....	12
23. CURRENT AND FUTURE ENVIRONMENT	13
24. ADDITIONAL INFORMATION	16
25. ENGAGEMENT REQUIREMENTS.....	16
26. POTENTIAL ADDITIONAL ENGAGEMENT(S)	24
27. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION	25
28. EVALUATION CRITERIA	25
29. SELECTION PROCESS.....	27
ATTACHMENT A	29
ATTACHMENT B	30
EXTERNAL AUDIT SERVICES FOR THE KODIAK ISLAND BOROUGH AND THE KODIAK ISLAND BOROUGH SCHOOL DISTRICT	30
ATTACHMENT C	31
ATTACHMENT D	32

KODIAK ISLAND BOROUGH
REQUEST FOR PROPOSAL (RFP)
GENERAL INFORMATION

TITLE: EXTERNAL AUDIT SERVICES

CONTACT FOR QUESTIONS: Dora Cross, Finance Director
Telephone: (907) 486-9320
Email: dcross@kodiakak.us

1. INSTRUCTIONS FOR RESPONDENTS

SUBMIT PROPOSALS ONLY TO: Kodiak Island Borough
Managers Office Rm 125
710 Mill Bay Rd
Kodiak, Alaska 99615

RFP SUBMITTAL DEADLINE: **March 28, 2017**

NUMBER OF COPIES TO BE SUBMITTED: Four (4) complete and signed copies of your proposal package along with an electronic version.

1.1. Deliver proposal copies (number specified above) only to the address above before the submittal deadline. Proposals received by the Manager's Office after the submittal deadline will be returned to the proposer upon receipt of written request or retained unopened in the proposal file.

1.2. QUESTIONS, OBJECTIONS, OR COMMENTS

Proposers are requested to carefully review this Request for Proposal (RFP), without delay, for defects and questionable or objectionable matter. Questions, objections, or comments should be made in writing and received by the Question Contact no later than 10 calendar days prior to the proposal submittal deadline, so that any necessary amendments may be published and distributed to proposers to prevent the opening of a defective proposal. Proposers' protests based upon any omission or errors, or the content of the RFP will be disallowed if not made known prior to the proposal submittal deadline.

1.3. Address all questions, objections, or comments to: Borough Finance Director, Dora Cross, 710 Mill Bay Road, Kodiak, Alaska 99615, or by email at dcross@kodiakak.us.

1.4. The Kodiak Island Borough (the Borough) assumes no responsibility for any interpretation or representations made by any of its officers, agents, or employees unless interpretations or representations are incorporated in a written amendment to the RFP.

2. GENERAL INFORMATION

- 2.1. The Kodiak Island Borough and its component unit, the Kodiak Island Borough School District (School District), are seeking financial auditing services, for their fiscal years ending June 30, to result in audit opinions rendered on each entity's financial statements (which are prepared by the Borough and the School District) and on the Borough's and School District's compliance with state and federal single audit reporting requirements. Furthermore, the scope of the engagement must also include non-audit consulting time up to 60 hours annually. The engagement will be for a fixed fee and cover a period of one year with two, two-year renewal options based on satisfactory performance in the first and through the third years. The fixed fee is to include all audit expenses. Also see 25.1.5 "Special Considerations" on page 18-19.
- 2.2. In addition, the Borough and School District are requesting fixed hourly rate quotes for each staff category of the proposer. Any additional engagements arising during the five years shall be estimated, billed, and paid based on these rates.
- 2.3. The Kodiak Island Borough was incorporated September 23, 1963 as a Second Class Borough under the provisions of the state of Alaska Borough Act (1963), as amended. The Borough operates under an Assembly-Manager form of government and has the following powers:

Area wide: education or public schools; general administration and finance; assessment and collection of taxes; planning and zoning in the entire Borough.

Community Health: this is restricted to Hospital and Mental Health services on an area wide basis.

Solid Waste Collection District: solid waste collection on an area wide basis.

Parks and Recreation: in the areas outside the cities.

Economic Development: in the areas outside the cities.

Animal Control: in the areas outside the cities.

Service Area: road construction and maintenance, fire protection, and streetlights on a neighborhood or community basis.

All funds of the Borough are accounted for in accordance with generally accepted accounting principles.

- 2.4. The Kodiak Island Borough School District operates a public school system under an elected school board pursuant to Alaska Statutes, Title 29.35.160. All funds of the School District are accounted for in accordance with generally accepted accounting principles and the requirements of the State of Alaska, Department of Education and Early Development.

- 2.5. The Borough intends to follow the schedule of activities described below during the procurement process. The Borough reserves the exclusive right to alter the schedule.

<u>Activity</u>	<u>Date</u>
Release of RFP	March 3, 2017
Proposal Due Date	March 28, 2017
Final Selection	April 6, 2017

3. PROPOSAL SUBMISSION REQUIREMENTS

- 3.1. A completed page 1 shall be the face document of each proposal.
- 3.2. Submit four (4) complete and signed copies of your proposal package along with an electronic version.
- 3.3. Neither the Borough nor its officers, agents, or employees shall be responsible for the premature opening of, or the failure to open, a proposal not properly addressed and identified.
- 3.4. The manager's office is located at 710 Mill Bay Road, room 125, Kodiak, Alaska, and is open for business from 8:00 a.m. to 5:00 p.m., Monday through Friday. Acceptance of Special Delivery mail is not available Saturday, Sunday, or holidays. It shall be the responsibility of the proposer to assure that his proposal is delivered to the Manager's Office prior to the submittal deadline.

4. LOBBYING

- 4.1. The purpose of this section is to assure that the RFP selection process is not distorted or compromised by private lobbying outside the procedures designed to produce the best proposal for the Borough and the public.
- 4.2. The Borough shall select those proposals which are responsive and which merit further discussion. Any person whose proposal is selected for further discussion shall confine all contacts with the Borough to those permitted by the formal selection procedures.
- 4.3. The prohibitions in this section apply whether or not the committee member or Assembly member has a personal or financial interest in the outcome of the selection process.
- 4.4. Sanctions: The following provisions apply to violations of this section: if the violation is discovered prior to award, and the selection process has not been compromised, then the proposal offered by the violator shall be disqualified from further consideration; if the selection process has been compromised such that the Borough must cancel this RFP and issue a new one, then the proposer shall be liable to the Borough for all costs of issuing a new RFP for similar or substantially similar services.

- 4.5. If the violation is discovered after the award, then the contract is voidable at the sole option of the Borough, and the vendor shall be liable to the Borough for: (1) the difference, if any, between the cost of the vendor's services under the existing contract, and the cost of any new vendor's services under a new contract for similar or substantially similar services; in no case shall the Borough be liable to the vendor for any savings under a new contract; and (2) for the reasonable costs of issuing a new RFP for similar or substantially similar services; and (3) for any costs of obtaining such services on an emergency or expedited basis; the violator is liable to other proposers under the same RFP for their costs of proposal preparation. The purpose of this subsection, and only this subsection, is to create enforceable rights in third parties. The provisions of this subsection apply to those persons not submitting proposals, but who would have done so if not for the actions of the violator. Such third parties may assert such claims only after the Borough makes a finding that such a violation has occurred. No other provision of this RFP creates enforceable rights in third parties.
- 4.6. The provisions of this subparagraph relating to sanctions do not limit the power of the Borough, or any third party, to seek other remedies under Borough Codes, State Statutes, or laws of the United States.

5. ALTERNATE PROPOSALS

- 5.1. Alternate proposals will not be considered unless specifically requested and approved.

6. FAX OR EMAIL SUBMITTAL NOT ACCEPTABLE

- 6.1. Fax or email submittal of a proposal is not acceptable.

7. WITHDRAWAL, MODIFICATION, OR CORRECTION

- 7.1. After depositing a proposal, a proposer may withdraw, modify, or correct his proposal, providing the Manager's Office receives the request for such withdrawal, modification, or correction before the time set for submittal deadline. The original proposal, as modified by such written communication, will be considered as the proposal. No proposer will be permitted to withdraw his proposal after the time set for submittal deadline.

8. LATE PROPOSALS

- 8.1. Late proposals are proposals received after the time and date set for submittal deadline. Proposals will be received during the period and at the place stated on the RFP Cover Sheet. It is the sole responsibility of the proposer to see that his proposal is submitted in time. Any proposal received after the scheduled opening time will not be considered, but will be held unopened in the file, unless other disposition is requested or agreed to by the proposer. Other disposition will not take place until after award.

9. RESPONSIBILITY TO KEEP INFORMED

- 9.1. It is the potential proposer's responsibility to keep informed. Failure to do so may result in a proposal being declared non-responsive.

10. PRICES

10.1. The proposer shall state prices in the units of issue on this RFP. Prices quoted for services must be in U.S. funds and include applicable duties, fees, and costs so that the services can be provided, without further cost. Prices quoted in proposals must be exclusive of federal, state and local taxes. If the proposer believes that certain taxes are payable by the Borough, the proposer may list such taxes separately, directly below the price for the affected item.

11. VENDOR TAX ID NUMBER

11.1. If services procured through this RFP must be included on a 1099-MISC tax form, as described in the Internal Revenue Code, a valid taxpayer identification number must be provided to the Borough before payment will be made.

12. FIRM OFFER

12.1. Offers made in accordance with this RFP must be good and firm for a period of ninety (90) days from the date of submittal deadline.

13. EXTENSION OF PRICES

13.1. In the case of error in the extension of prices in the proposal, the unit price will govern.

14. PROPOSAL PREPARATION COSTS

14.1. The Borough is not liable for any costs incurred by the proposer in proposal preparation.

14.2. The Borough shall not be liable for any cost incurred by any firm in response to this solicitation.

15. CONTRACT FUNDING

15.1. Borough funds are available through June 30, 2021, the end of the Borough's fiscal year. Payment and performance obligations for succeeding purchases and/or contract renewals are subject to the availability and appropriation of funds.

16. RIGHT TO REJECT AND NOT AWARD

16.1. The Borough may accept or reject any and all proposals.

16.2. The Borough reserves the right to not award the proposed agreement, if it is in the Borough's best interest.

17. EQUAL OPPORTUNITY

17.1. The Borough is an Affirmative Action/ Equal Opportunity Employer.

17.2. The Borough, and all contractors, vendors, and suppliers, agree and certify that they shall comply with the requirement of all pertinent Federal and State laws relating to equal opportunity in contracting and procurement activities.

18. CONFLICTS OF INTEREST PROHIBITED

Proposer acknowledges that section 2.35.010 of the KIB Code of Ordinances provides as follows:

- 18.1. A municipal officer, appointed official or employee may not solicit or receive money for advice or assistance given in the course of the officer's or employee's employment or relating to his employment.
- 18.2. A municipal officer, appointed official or employee may not represent a client before the assembly or the planning and zoning commission for a fee.
- 18.3. A municipal officer, appointed official, or employee may not accept a gift, loan, gratuity, or other valuable consideration, or a promise of any of them, with the understanding or agreement, expressed or implied, that the officer will cast a vote or give an opinion, decision or judgment in the particular manner, in a matter, question, cause, or proceeding which then is or may by law come or be brought before him, or with the understanding or agreement that the officer or employee will, in his official capacity, act in a particular manner to produce or prevent a particular result.
- 18.4. No municipal officer, appointed official or employee may vote or participate in any official action in which he has a substantial direct or indirect financial interest. Direct or indirect financial interest shall be disclosed to the chair prior to a vote on the question, and if there are not at least four (4) assembly members in attendance who are qualified to vote, the matter shall be tabled until the next regular or special meeting at which four (4) assembly members qualified to vote on the matter are in attendance.
- 18.5. A municipal officer, appointed official, or employee may not use his official position for the primary purpose of obtaining financial gain for himself, or his spouse, child, mother, father, or business with which he is associated or owns stock.

19. SUBMITTAL FORMAT REQUIREMENTS

- 19.1. Proposers are advised that, notwithstanding any instructions or inferences elsewhere in this Request for Proposal, only the documents shown in this section need be submitted with and made part of their proposal. Other documents may be required after the submittal deadline, but prior to award. Proposers are advised that failure to submit the documents shown in this section and return the forms in the condition indicated SHALL RENDER THE PROPOSAL NON-RESPONSIVE.
- 19.2. To achieve a uniform review process and obtain the maximum degree of comparability, proposals will not be considered if the following documents and/or attachments are not completely filled out in the condition indicated, and organized in the manner specified below:

Title Page/Cover Sheet: Complete the first page of this RFP. Be sure all blanks are filled and accurate. Show the name of your firm, local address, telephone number, name of contact person and date. Signature must be original.

Table of contents: Clearly identifies the material in your proposal by section and page number.

Acknowledgments: Use the form supplied in Attachment A. Signature must be original and the acknowledgment form must be properly filled out.

Letter of transmittal: Limit to one or two print pages. Briefly state your firm's understanding of the work to be done and of the organization and its accounting environment. Give the names of the persons who will be authorized to make representations for your firm, their titles, addresses, and telephone numbers.

Letter of intent for insurance coverage: Submit a letter of intent indicating how you will meet the insurance and/or bonding requirements of this RFP (section 21.2). Failure to provide a detailed description, or acceptable coverage, may result in the proposal being declared non-responsive

Profile of the audit organization, technical qualifications, and approach: Firms submitting proposals must have an Alaskan decision-making office. Please state whether your audit organization is national, regional, or local. Indicate the number of people (by level) located within the Alaskan office that will handle the audit.

Provide a list of the Alaskan office's current and prior government audit clients (borough and school district accounts, other local governments, federal and/or state single audits, grant compliance audits), including telephone number and contact person's name, indicating the type(s) of services performed, and the number of years served for each.

Indicate the Alaskan office's experience in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.

Describe your audit organization's quality control program for audits and whether your audit organization has been the object of any disciplinary action during the past three years. Include a copy of the report on the results of your most recent peer review with your proposal.

Describe your approach to the audit. This should include at least the following points:

- Type of audit program used (tailor-made, standard government, or standard commercial)
- Use of statistical sampling
- Use of analytical procedures
- Approach for obtaining your understanding of internal control and for assessing control risk
- Approach for determining which laws and regulations should be tested for compliance and how samples will be drawn
- Use of computer audit specialists
- Organization of audit team and approximate percentage of time spent on audit at each staff level
- Management letter (provide a sample letter)
- Typical assistance expected from the Borough and School District staff
- Tentative timetable outline for completing the audit within specified deadlines of the RFP

Summary of the proposer's individual audit staff technical qualifications Identify the partners, managers, and supervisors/seniors who will work on the audit, including any staff from other than the Alaskan office. Include resumes for each supervisory person to be assigned to the audit. (The resumes may be included as an appendix.) Describe the experience in local government audits, including federal and state single audits, and grant compliance audits of each senior and higher level person assigned to the audit, including years on each job and their position while on each audit. Indicate the percentage of time the senior and supervisor/manager will be on-site.

Describe your program to ensure staff maintains professional proficiency through continuing education and training. Describe the relevant educational background of each individual assigned to the audit. This should include seminars and courses attended within the past three years and any governmental accounting and auditing during the last two years.

Explain your policies on notification of changes in key personnel.

Cost proposals All proposals shall include the following for both the Borough and the School District:

- Number of audit person days by level (Person Day = 8 Hours)
- Cost per person day
- Total person days cost
- Travel cost
- Other cost, if any
- Total cost

Cost proposals must be summarized by filling in each line for the Cost Proposal Schedule, Attachment B, and all proposals shall follow the format on the Cost Proposal Schedule with respect to price quotations.

Award will be influenced by the sum of the total cost for the five years but will also be based on factors outlined in section 28, Evaluation Criteria.

Prices shall be firm and open for acceptance by the Borough for a period of not less than ninety (90) calendar days from the date the proposal is due. Prices proposed shall be firm for the audited years June 30, 2017 through June 30, 2021. All prices and quotations shall be written legibly by printer or pen and ink. A proposal shall be rejected if it contains a material alteration or erasure which is not initialed by the signer of the proposal.

Rate schedule for potential additional engagement(s): Proposers must fill in each line on the Rate Schedule for Potential Additional Engagement(s), Attachment C.

Prices shall be firm and open for acceptance by the Borough for a period of not less than ninety (90) calendar days from the date the proposal is due. Prices shall be firm for the period June 30, 2017 through June 30, 2021. All prices and quotations shall be written legibly by computer or pen and ink. A proposal shall be rejected if it contains a material alteration or erasure which is not initialed by the signer of the proposal.

References: Proposers must submit references as outlined in section 28, Evaluation Criteria.

- 19.3. Erasures or other changes made to the proposal must be initialed by the person signing the proposal. "White Out" or other liquid correction methods must be initialed.
- 19.4. All amendments that require acknowledgment shall be acknowledged in the space provided on a copy of Attachment A by original signature. Acknowledgment of amendments must be submitted prior to the submittal deadline.

20. CONTRACT NEGOTIATION

- 20.1. The Borough will attempt to negotiate a contract with the top ranked proposer. If the negotiation fails with the top ranked proposer, the Borough will proceed to negotiate with the next highest ranked proposer.

21. INSURANCE REQUIREMENTS

If you are unsure if your firm will be able to provide the insurance described in this section, please contact your insurance broker or agent before you submit your proposal. A letter of intent to meet insurance requirements must be included in the proposal (section 19.2).

- 21.1. Before beginning work on a contract awarded as a result of this RFP, the contractor shall obtain all required insurance and the Borough shall receive and review the certificates of insurance. If the contractor is a joint venture, then the joint venture itself must have insurance as specified below. All insurance companies providing coverage must be rated "Superior" or "Excellent" by A.M. Best Company.
- 21.2. The contractor shall assure that there is insurance in force, which provides protection for the Borough from any claim, which might arise from the contractor's work under the contract. This insurance shall provide protection whether the work is performed by the contractor, by any sub-contractor, or by their employees, agents, successors, or assigns.
- 21.3. Workers' compensation insurance with employer's liability covering all employees is required during the term of the contract. The insurance shall provide for no less than the following limits for employer's liability: \$100,000 each accident, \$500,000 disease - policy limit, and \$100,000 disease - each employee. The Borough will waive workers' compensation insurance for sole proprietors or partners, upon receipt of an affidavit provided by the Borough; each partner must sign a separate affidavit. Executive officers of corporations who want waivers must produce the certificate of waiver as approved by the Alaska Department of Labor.
- 21.4. Commercial general liability insurance with a limit of not less than \$1,000,000 per occurrence is required. The contractor shall add the Borough as an additional insured in the contractor's commercial general liability policy.
- 21.5. Valuable papers and electronic data processing (EDP) coverage in an amount sufficient to reconstruct the work done under this contract, but in no event less than \$10,000 is required.

- 21.6. Comprehensive automobile liability insurance coverage is required, in an amount not less than \$1,000,000 combined single limit, covering any one of the following combinations of vehicles: (a) any auto, (b) all owned, non-owned, and hired autos, or (c) scheduled and non-owned and hired autos with written assurance that any additional autos shall be insured before they are used to do work under the contract.
- 21.7. Professional liability insurance in the amount of \$1,000,000 is required.
- 21.8. The Borough shall have the right at any time to require higher limits for public liability and property damage insurance. In any such event, the additional premium or premiums payable solely as the result of such additional insurance shall be added by amendment to the contract price.
- 21.9. The contractor shall furnish the Borough with Certificates of Insurance in a form acceptable to the Borough to certify insurance coverage. The contractor shall cause the insurance policies referred to therein to include a provision that while the contract shall remain in force, no such policy shall be canceled, not renewed, or materially altered until at least thirty (30) days written notice thereof has been given to the Borough.

22. CONTRACT SPECIFICATIONS

- 22.1. This request for proposal, including any amendments, and the technical and cost proposals shall become a part of the contract.
- 22.2. Proposals are requested for the following contract period:
 - Contract will end with the completion of the 2020-2021 fiscal years' audit, but not later than January 15, 2022.
- 22.3. After the initial one-year award, this contract may be renewed for two additional two-year periods. This renewal will be exercised providing contractor's performance is acceptable in the first year and through the third year.
- 22.4. The Borough requires that the entire audit engagement be a fixed fee contract to include all expenses. No additional fees or costs will be allowed unless in accordance with section 26, Potential Additional Engagement(s).
- 22.5. Any additional fees/costs so authorized for additional financial work must be expressed as a fixed hourly rate for each fiscal year subject to audit, quoted for each staff category of the proposer (see Attachment C) and that the detail of the costs be disclosed.
- 22.6. A separate purchase order will be issued for each fiscal year's audit. Payment will be made upon receipt of monthly invoices, billed on a percentage-of-completion basis, less 15% retainage, with final payment to be rendered upon receipt and final invoice for the contracted services. Costs must be detailed for 1) the Borough audit, 2) the Borough single audit requirements, 3) the School District audit and Department of Education and Early Development compliance requirements, 4) the School District single audit requirements, 5) Borough non-audit consultation, and 6) School District non-audit consultation.

- 22.7. For any additional engagements, a separate purchase order shall be issued for each. Payment will be made upon receipt of monthly invoices, with final payment to be rendered after satisfactory completion of the engagement and upon receipt and final invoice for the additional engagement services.

23. CURRENT AND FUTURE ENVIRONMENT

23.1. Current Accounting Environment - Borough

23.1.1. GOVERNMENTAL FUNDS

General Fund The general fund is the general operating fund of the Borough. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. There are currently 18 Special Revenue Funds.

Of the 18 Special Revenue funds, there are 11 service areas that have been established by certain communities or neighborhoods within the Borough for purposes of providing certain services not otherwise exercised on an area wide or non-area wide basis. These services are: road maintenance and construction, fire protection, tide gate, and streetlights. The revenues for these services are provided by local taxation and state shared revenue. The Borough is restricted from using area wide revenues for service area expenditures.

Debt Service Fund The debt service fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs for the Borough's general obligation bonds. Debt service requirements are funded by the general fund and by state funded reimbursements for school construction debt received through the general fund.

Capital Projects Funds Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment.

23.1.2. PROPRIETARY FUNDS

Enterprise Funds Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises: a) where the intention of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Borough has four enterprise funds: Solid Waste, Hospital, Kodiak Fisheries Research Center, and 911 Service.

23.2. **Current Data Processing Equipment and Software - Borough**

The Information Technology department is responsible for the computer systems that process all financial transactions of the Borough. The Borough employees have Windows 7 computers networked together with a 1Gbps switched Ethernet network utilizing the TCP/IP protocol. Remote sites are linked through fiber-optics, metro-Ethernet or VPN connections. Our financial system runs on Windows x64 servers, hosted in a virtualized environment. We use New World Systems/Tyler Technologies' Logos.NET software for our financial software. Our tax accounting software is PACS, from True Automation/Harris Software. We currently use Microsoft Office 2010 for our productivity software. We will be upgrading our computers to Windows 10 and Office 2016/365 in the summer of 2017.

23.3. **Assessing Department's Real Property Appraisal System**

PACS Appraisal software was acquired through its parent company True Automation, Inc. The license became active July 1, 2008 and systems use began in January of 2009. Vendor support is purchased on a year to year basis, and the PACS software is updated when applicable.

PACS Appraisal maintains real and personal property ownership, assessments, exemptions and attributes. PACS Collection software works in conjunction with PACS Appraisal and is the software used in the Finance Department for tax accounting and collections.

23.4. **The Internet**

The Borough has an internet web site. Our site currently contains a page of information for each of our departments and functions. One of the most popular areas of the site is the Map Center, which includes GIS information. In addition, the site contains the Borough's Codes, Assembly Agendas, Newsletters, and Meeting Minutes. Our current site can be viewed at <http://www.kodiakak.us>.

23.5. **Current PC-Based Financial Systems - Borough**

23.5.1. BUDGET

The Borough's budget is prepared using the .NET version of New World Systems financial system. All statistical data presented to the public is available in Microsoft Excel. Workbooks are developed at the department level and linked to create a summary level budget. At the summary level, the budget can be presented by fund or for the Borough as a whole. Textual portions of the budget are done in Microsoft Word. The public may request to be given a copy or it can be found on our web site.

23.5.2. FINANCIAL STATEMENTS

The Borough's financial report is prepared using the .NET version of New World Systems financial system. The public may request to be given a copy.

23.6. Current Accounting Environment - School District

23.6.1. GOVERNMENTAL FUNDS

General Fund This is the School District's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include the Borough's contribution to education, the State of Alaska public school foundation program, and other state and federal revenues. Expenditures are authorized in the annual budget and are made for such activities as student instruction, administration, and maintenance.

Special Revenue Funds These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The School District maintains a separate cost center for each federal and state grant program. These cost centers are assigned to the appropriate special revenue funds based on their purpose and funding source.

Capital Projects Funds These funds are used to account for those financial resources to be used for acquisition, construction, and major maintenance of facilities and equipment. The Borough accounts for most acquisition, construction, and major maintenance projects of school facilities. The School District accounts for projects related to the acquisition of furnishings and equipment.

23.6.2. FIDUCIARY FUND

Agency Fund This fund is used to account for the assets held by the School District as an agent for various student organizations.

23.7. Current Data Processing Equipment and Software - School District

The School District currently runs the financial system Infinite Visions which is accessed through the cloud. No servers are housed onsite.

Infinite Visions is comprised of integrated financial, human resources, payroll, purchasing, warehouse, and fixed asset applications. Designed specifically for schools, Infinite Visions is a true K-12 multi-fund, modified accrual accounting system, both GAAP and GASB compliant

- EMS (employee management system)
 - Payroll
- FAS (fixed assets system)
 - Equipment inventory
- WHS (warehouse inventory system)
 - Receiving & Issues
 - Central stores supplies, Food services & USDA commodities inventories.
- FMS (financial management system)
 - General Ledger
 - Accounts Payable
 - Cash Disbursements
 - Purchase order processing
 - Cash receipts

- Report writers

23.8. Current PC-Based Financial Systems - School District

23.8.1. BUDGET

All budget reports are generated through Infinite Visions but can be exported to excel.

23.8.2. FINANCIAL STATEMENTS

All financial reports are generated through Infinite Visions but can be exported to excel.

24. ADDITIONAL INFORMATION

24.1. Copies of the following documents of each entity will be available:

KIB	2015-2016	Comprehensive Annual Financial Report
KIB	2015-2016	Reports on Single Audits
KIB	2016-2017	Approved Budget
KIBSD	2015-2016	Comprehensive Annual Financial Report, including single audits and other compliance reports
KIBSD	2016-2017	Approved Budget

25. ENGAGEMENT REQUIREMENTS

25.1. Financial Statements and Compliance Statements - Borough

25.1.1. SCOPE OF WORK TO BE PERFORMED

The Kodiak Island Borough desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

The Borough also desires the auditor to express an opinion on the fair presentation of its combining and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the Comprehensive Annual Financial Report. The auditor is not required to audit the statistical section of the report.

The auditor is required to report on compliance with applicable state and with applicable federal laws and regulations and on internal controls over financial reporting that could have a material effect on the fair presentation of the financial statements.

The auditor is required to test internal controls and compliance, as described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of the Borough's major federal programs. The auditor is also required to test internal controls and compliance, as described in the State of Alaska Audit Guide and Compliance Supplement for State Single Audits that are applicable to each of the Borough's major state programs. The auditor must report on compliance and internal control over compliance applicable to each major federal and to each major state program.

The auditor is not required to audit the schedules of expenditures of federal and state awards.

The auditor is required to report any findings or questioned costs found in the course of the work described above. Findings must be reported in three separate categories: 1) those affecting financial reporting, 2) those affecting major federal programs, and 3) those affecting major state programs. Recommendations for corrective action should be included.

25.1.2. AUDITING STANDARDS TO BE FOLLOWED

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the provisions of the State of Alaska Single Audit Regulation (2AAC 45.010), to include the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

25.1.3. REPORTS TO BE ISSUED

Reports shall be written in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the provisions of the State of Alaska Single Audit Regulation (2 AAC 45.010), to include the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

- A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- For federal purposes, a report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards.
- An "in-relation-to" report on the Schedule of Expenditures of Federal Awards, along with a report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.

- A Schedule of Findings and Questioned Costs summarizing auditor results for a federal single audit, along with recommendations for corrective action.
- Accounting assistance will be required for preparation of the Comprehensive Annual Financial Report (CAFR). This will be paid for separately from the audit. Pricing must be separately stated.

In the required state and federal reports on compliance and on internal controls over financial reporting and on the state and federal reports on compliance with requirements applicable to each major program, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of internal control, which could adversely affect the Borough's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Nonreportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

The report on compliance with requirements to each major assistance program shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.

Fraud and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware. This notification should be made in accordance with Statements of Auditing Standards No. 54 and No. 99, and with the U.S. General Accounting Office's *Government Auditing Standards*.

25.1.4. REPORT DEADLINES

The opinion on the financial statements of the Borough for the fiscal years ending June 30 is to be submitted by November 15 for each year of the engagement, unless adjusted by mutual agreement.

The reports required for the federal Single Audit Act, as amended in 1996, and the state single audit regulation are to be submitted by December 15 for each year of the engagement, unless adjusted by mutual agreement.

25.1.5. SPECIAL CONSIDERATIONS

The Kodiak Island Borough will send its Comprehensive Annual Financial Report to the Government Finance Officers Association for review in its Certificate of Achievement for Excellence in Financial Reporting program. The auditor may be required to provide limited special assistance to the Kodiak Island Borough to meet the requirements of that program. **Any fees for this assistance are outside the scope of the audit and will be billed separately. The hourly rate for special considerations must be listed in this RFP.**

The Kodiak Island Borough may prepare one or more official statements in connection with the sale of debt securities, which may contain the general purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the financial advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters".

The schedules of expenditures of federal and state awards the related auditor's reports, as well as the federal and state reports on compliance and on internal control over financial reporting and on compliance with requirements applicable to each major program and on internal control over that compliance are not to be included in the Comprehensive Annual Financial Report, but are to be issued separately.

25.1.6. WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years from the end of the audited period, unless the firm is notified in writing by the Borough of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- Kodiak Island Borough
- Parties designated by the federal or state governments or by the Kodiak Island Borough as part of an audit quality review process
- Auditors of entities of which the Kodiak Island Borough is a sub recipient of grant funds

In addition, the firm shall respond promptly and fully to the reasonable inquires of successor auditors. The firm shall allow successor auditors to review working papers, including documentation of planning, internal control, audit results, and other matters of continuing accounting and auditing significance.

25.2. **Financial Statements and Compliance Statements – School District**

25.2.1. SCOPE OF WORK TO BE PERFORMED

The Kodiak Island Borough School District desires the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

The School District also desires the auditor to express an opinion on the fair presentation of its combining and individual fund schedules in conformity with generally accepted accounting principles (i.e., a "full-scope" audit). The auditor is not required to audit the supporting schedules contained in the Comprehensive Annual Financial Report. The auditor is not required to audit the statistical section of the report.

The auditor is required to report on compliance with applicable state and with applicable federal laws and regulations and on internal controls over financial reporting that could have a material effect on the fair presentation of the financial statements.

The auditor is required to test internal controls and compliance as described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of the School District's major federal programs. The auditor is also required to test internal controls and compliance, as described in the State of Alaska Audit Guide and Compliance Supplement for State Single Audits that are applicable to each of the School District's major state programs. The auditor must report on compliance and internal control over compliance applicable to each major federal and to each major state program.

The auditor is not required to audit the schedules of expenditures of federal and state awards.

The auditor is required to report any findings or questioned costs found in the course of the work described above. Findings must be reported in three separate categories: 1) those affecting financial reporting, 2) those affecting major federal programs, and 3) those affecting major state programs. Recommendations for corrective action should be included.

The auditor shall also be responsible for performing certain limited procedures, for Management's Discussion and Analysis and for other Required Supplementary Information required by the Governmental Accounting Standards Board, as mandated by generally accepted auditing standards. The Borough has not yet made a decision on whether or not to use the modified approach for infrastructure assets.

25.2.2. AUDITING STANDARDS TO BE FOLLOWED

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the provisions of the State of Alaska Single Audit Regulation (2AAC 45.010), to include the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

25.2.3. REPORTS TO BE ISSUED

Reports shall be written in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the provisions of the State of Alaska Single Audit Regulation (2 AAC 45.010), to include the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

- A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.

- For federal purposes, a report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards.
- An "in-relation-to" report on the Schedule of Expenditures of Federal Awards, along with a report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
- A Schedule of Findings and Questioned Costs summarizing auditor results for a federal single audit, along with recommendations for corrective action.
- For state purposes, a report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards.
- An "in-relation-to" report on the Schedule of Expenditures of State Awards, along with a report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with the State of Alaska Audit Guide and Compliance Supplement for State Single Audits.

The auditors must send out these reports for the School District:

- A report on fund balance compliance requirements, in accordance with AS 14.17.505. A report on the fair presentation of the tuition rate report, in accordance with Alaska Department of Education and Early Development instructions for Form 05-00-014.
- One copy of the General Purpose Financial Statement for each state agency listed on either the schedule of state financial assistance or Federal Awards should be sent to the Statewide Single Audit Coordinator, Office of Management & Budget.
- One copy of the General Purpose Financial Statement should be sent to the State of Alaska, Department of Administration, Division of Finance. Their report should also include the Tuition Rate Report and Management Letter
- Two copies of the General Purpose Financial Statement will be sent to the Federal Audit Clearing House. It will also include the Data Collection Form for Reporting on Audits of States, Local Governments and Nonprofit Organizations (Form SF-SAC) which the auditors have prepared.

Five additional copies each of the General Purpose Financial Statement, Management Letter, Letter to the School Board and two (2) copies of the Tuition Rate Report sent to the School District along with an electronic version of all reports.

In the required state and federal reports on compliance and on internal controls over financial reporting and on the state and federal reports on compliance with requirements applicable to each major program, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of internal control, which could adversely affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Nonreportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

The report on compliance with requirements to each major assistance program shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.

Fraud and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware. This notification should be made in accordance with Statements of Auditing Standards No. 54 and No. 99, and with the U.S. General Accounting Office's *Government Auditing Standards*.

25.2.4. REPORT DEADLINES

Opinions on the financial statements of the School District and on reports required by the Alaska Department of Education and Early Development for the fiscal years ending June 30 are to be submitted by October 1 for each year of the engagement, unless adjusted by mutual agreement.

The reports required for the federal Single Audit Act, as amended in 1996, the state single audit regulations, and the applicable state statutes and regulations of the Alaska Department of Education and Early Development are to be submitted by October 1 for each year of the engagement, unless adjusted by mutual agreement.

25.2.5. WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years from the end of the audited period, unless the firm is notified in writing by the or School District of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- Kodiak Island Borough and Kodiak Island Borough School District
- State Department of Education and Early Development and U.S. Department of Education
- Parties designated by the federal or state governments or by the Borough or School District as part of an audit quality review process

- Auditors of entities of which the Kodiak Island Borough School District is a subrecipient of grant funds

In addition, the firm shall respond promptly and fully to the reasonable inquires of successor auditors. The firm shall allow successor auditors to review working papers, including documentation of planning, internal control, audit results, and other matters of continuing accounting and auditing significance.

25.3. **Peer Reviews**

The firm shall provide copies of their peer reviews as they are performed during the term of the contract.

25.4. **Management Letters**

The auditor shall observe the adequacy of the systems of internal control, accounting procedures, and other significant matters. Upon the request any appropriate recommendations may be reviewed with management and included in separate letters to the Borough Manager and Assembly, and to the Superintendent and School Board.

Interim management letters on improvements in controls and procedures for the Borough and School District will be submitted within three weeks of interim fieldwork for each year. Final management letters for the Borough and School District will be submitted by December 15 and September 30, respectively, of each year, unless adjusted by mutual agreement. The auditor will meet at least semi-annually with the Assembly and School Board, or with designated Committee(s), for the purpose of reviewing the interim and/or final management letters.

25.5. **Presentations**

As early as possible after the statements have been printed, the appropriate financial reports, compliance reports, and the management letters are to be reviewed with a designated committee of the School District and with the Borough's audit committee. Then they are to be presented to the School Board and to the Assembly at a regular meeting, respectively. The audit partner assigned to the engagement should be in attendance, if requested to be present.

25.6. **Non-Audit Consultation Time**

The scope of the audit must also include consulting time up to 60 hours annually on subjects such as reviewing official statements for general obligation bond sales or other financial matters. It is anticipated that these hours would be at the level of a partner or manager. (This is in addition to consultations on matters directly relating to the audit and reports which should be included in the audit portion of the proposer's fixed fee.) Hours for non-audit consultation must be approved in advance (see section 25.7) and must be shown separately on invoices (see section 22.6).

25.7. **Coordination Required**

The Borough requires that the external auditors coordinate their work with Borough and School District personnel as follows:

- All work will be coordinated with the Borough Director of Finance and the School District Director of Finance or their designated appointee to facilitate staff scheduling and year-end closing.

- The external auditors will develop schedules for the work required for the conduct of the audit. The Borough schedule will be coordinated with the Borough Finance Director. The School District schedule will be coordinated with School District Finance Director. The schedules will outline the requirements for the Borough and/or School District and external audit staff.
- By March 31 (School District) and by April 30 (Borough), a tentative time schedule for conduct of interim and year-end fieldwork and for other engagement aspects shall be delivered to each entity for their approval. These dates may be adjusted by mutual agreement.
- Progress reports will be provided on a biweekly basis during the conduct of the fieldwork and until all opinions, reports, and management letters are delivered. The reports should be addressed and sent to the Borough Director of Finance and the School District Director of Finance. The reports should indicate any problems encountered or foreseen, deficiencies in work being performed by Borough or School District staff, disagreements of the application of accounting principles, and other items, which would result in delay of the audit work or in additional work.
- By June 30 (School District) and July 31 (Borough) each year, establish in writing, an example format of each audit work paper and the financial and compliance statements to be required for each entity. These dates may be adjusted by mutual agreement.
- Use of the 60 non-audit consultation hours must be approved, in writing, in advance by the Director of Finance (School District) or by the Director of Finance (Borough).

26. POTENTIAL ADDITIONAL ENGAGEMENT(S)

26.1. The Borough and/or School District may request additional services over the course of the contract. The additional engagement(s) will be approved and billed separately.

- Consultation hours in excess of the 60 hours, described at section 25.6 will be considered an additional engagement.
- Each additional engagement must be approved, in writing, in advance by:

School District

1. Superintendent, or
2. Director of Finance, or
3. their designee

Borough

1. Manager, or
2. Director of Finance, or
3. their designee

27. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

- 27.1. The Borough Finance Department staff, the School District Business Office staff, and responsible management personnel will be available during the audit to assist the auditor by providing information, documentation, and explanations. The preparation of confirmations and legal letters will be the responsibility of the Borough and School District, respectively.
- 27.2. The Borough and School District will prepare standard audit work papers, electronically if requested, in formats agreed upon with the external auditors.
- 27.3. The auditor will have on-line, inquiry access to the primary financial systems of each entity, if requested.
- 27.4. The Borough and School District will provide the auditor with reasonable workspace, desks, and chairs. The auditor will also be provided with access to a telephone, photocopying facilities, and facsimile machine.
- 27.5. Long distance use of the telephone and FAX machine will be limited to work on this engagement. Usage for other clients must be reimbursed by the auditor to the Borough or School District, as appropriate.
- 27.6. Preparation, editing, and printing of the drafts and final Comprehensive Annual Financial Reports, Single Audit Reports, and other compliance reports will be the responsibility of the auditors.

28. EVALUATION CRITERIA

The Borough will review proposals to provide the services through evaluation of requirements defined as mandatory and as desirable. These requirements are intended to aid the Borough in assessing a proposer's technical, administrative, and historical abilities to provide similar quality services in a timely manner.

28.1. **Mandatory Requirements**

Alaska CPA Firm The firm must be authorized to use the term "Certified Public Accountants" or "CPA" as set forth by the Accountancy Act (AS 08.04).

Expertise Requirements Firm personnel must have experience and expertise in governmental accounting and state and federal single audit requirements.

Timely Performance The Borough is interested in both the firm's ability to, and history of, conforming to deadline requirements on significant engagements. Therefore, the Borough has the following two requirements:

Firm Size - The firm must be of a sufficient size that the audit can be conducted in a timely manner, including any escalation because of a one to three week delay in the Borough's or School District's schedule for providing materials.

Firm Adherence to Deadline Requirements - The firm must have a history of conforming to deadline requirements on significant engagements. Therefore, the Borough will require submission of references with contact names and phone numbers for client engagements of over 700 hours served by the proposer within the last three years. These references should be persons who can and will comment on performance in this area. These people will be contacted to verify the firm's performance in meeting audit submission deadlines.

EDP Expertise Due to the significance of the computerized accounting processes currently used at the Borough and School District, an ability to evaluate computer systems and the level of reliance to be placed thereon is a requirement of the Borough's external auditors. A mandatory requirement is experience and expertise in performing such evaluations.

Conformance with Fixed Fee

Projected Hours - In order to determine the proposer's ability to conform to the fixed fee set forth, the Borough requires that the hours of audit work for each major segment of the work, by staff level, be disclosed in the technical proposal. This is to aid in determining that the engagement has been reasonably planned and therefore, that the fixed fee can be reasonably adhered to by the proposer.

Firm's Adherence to Fixed Fee Contracts - The Borough is interested in the firm's history in conforming to fixed fee contracts and therefore, requires references with contact names and telephone numbers for client engagements served by the proposer within the last three years who can and will comment on such performance. These people will be contacted to verify the firm's performance in meeting proposed fee amounts, and the incidence of billing for additional fees.

28.2. **Desirable Criteria**

Quality of Management Letter Comments - The Borough is interested in receiving meaningful and pertinent comments in the management letter produced in conjunction with the financial statements. In order to determine if a firm provides comments of the nature desired by the Borough, firms desiring to receive additional consideration for performance in this area should provide references for clients served during the past three years who can and will respond to queries Borough and School District staff would make in this area.

Routine Additional Information Support - The Borough is interested in the support provided and routinely available to the proposing firm's clients by being notified of changes in **governmental** accounting and reporting, as well as in association with management issues. A firm desiring to receive an additional consideration for services provided in this area should describe how it routinely provides such information to its clients. If this information is provided through issuance of a newsletter or similar materials, the Borough encourages firms seeking consideration in this area to provide samples of these materials.

Firm Philosophy for Interaction with Client Management - The Borough is interested in the proposing firm's philosophy of its interaction with client management in the resolution of audit issues and routine audit administration matters. This would cover areas such as dealing with reporting issues, and discussing and coordinating audit schedule changes. Although these areas are resolved prior to issuance of an audit opinion, ease of interaction and flexibility on routine engagements between the proposing firm and the client's administrative management is desirable. In order to evaluate a firm's philosophy for interaction with clients, firms desiring additional consideration should describe their philosophy and provide references for clients served during the past three years who can and will respond to queries Borough and School District staff would make regarding a firm's performance in this area.

Approach to Client-Prepared Financial Statements - The Borough is interested in the approach the proposer uses in performing audit work on client-prepared financial statements. In order to evaluate a firm's approach to client-prepared financial statements, firms desiring additional consideration for performance in this area should provide references for clients served during the past three years who can and will respond to queries Borough and School District staff would make in this area.

29. SELECTION PROCESS

29.1. Proposals will be evaluated in a six-stage process consisting of the following steps:

- Initial review and rating of the mandatory requirements.
- Evaluation and rating of desirable criteria.
- Review and rating of Cost Proposal and application of local bidder preference.
- Overall rating and final selection.

The Borough reserves the option to conduct oral interviews, in Kodiak, of firms. If oral interviews are conducted, firms will be re-rated for mandatory requirements and desirable criteria.

29.2. Maximum of 25 points each component, with a maximum for this section of 100 points:

- The firm's understanding of the work to be performed.
- The individual audit staff's technical qualifications and experience.
- The firm's experience with local government, federal and state grants and assistance, and electronic data processing (EDP); firm's adequacy as to size.
- Performance, including timeliness, adherence to fixed fees, and sufficiency of projected hours.

29.3. Maximum of 10 points each component, with a maximum for this section of 50 points:

- Quality of management letter comments.
- Routine additional information support.
- Firm philosophy for interaction with client management.

- Approach to client-prepared financial statements.
- Local office (Alaska).

29.4. Cost Proposals Will Be Evaluated As Follows:

$$\frac{\text{Lowest total cost of all proposals submitted}^*}{\text{Total cost of this firm's proposal}^*} \times 50 = \text{Cost Score}$$

* adjusted for local preference, KIB 3.16.060 (Attachment D), if applicable

Total cost is defined as the sum of the five years' fixed fees.

29.5. The firm with the highest total point scores (mandatory requirements, desirable criteria, and cost score) will be recommended for selection.

ATTACHMENT A

**KODIAK ISLAND BOROUGH
710 Mill Bay Road
Kodiak, AK 99615**

ACKNOWLEDGMENTS

I certify that I am a duly authorized representative of the firm listed below and that information and materials enclosed with this proposal accurately represent the capabilities of the office listed below for providing the services indicated. The Borough is hereby authorized to request any owner identified in this proposal to furnish any pertinent information deemed necessary to verify information provided or regarding reputation and capabilities of the firm.

AMENDMENTS

The proposer represents to the Borough that it has relied upon no oral representations from the Borough in the preparation of this proposal. If any amendments are issued to this RFP, the proposer must acknowledge the receipt of such amendments in the space provided on the line below or by signing the amendment and submitting it before the submittal deadline, unless the amendment states otherwise. Proposals, which fail to acknowledge receipt of amendments, shall be considered non-responsive and will not be evaluated.

Amendment Acknowledgment Number(s) _____

ORIGINAL SIGNATURE

Acknowledgment sheet must be manually (original signature) signed. A proposal shall be rejected when the proposal is not signed by hand.

Signature of Representative

Office address for which this
submittal is made:

Date: _____

Street: _____

Name: _____

P. O. Box: _____

Title: _____

City, State, Zip: _____

Firm: _____

Telephone: _____

Type of Firm (check one)

AK Business Lic. No. _____

____ Individual

____ Partnership

____ Corporation in the State of: _____

____ Other (Specify): _____

ATTACHMENT B

**KODIAK ISLAND BOROUGH
710 Mill Bay Road
Kodiak, AK 99615**

**EXTERNAL AUDIT SERVICES FOR THE KODIAK ISLAND BOROUGH AND
THE KODIAK ISLAND BOROUGH SCHOOL DISTRICT**

COST PROPOSAL SCHEDULE

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Borough</u>					
Comprehensive Annual Financial Report	_____	_____	_____	_____	_____
Federal Single Audit	_____	_____	_____	_____	_____
State Single Audit	_____	_____	_____	_____	_____
Consultation	_____	_____	_____	_____	_____
Total	=====	=====	=====	=====	=====
 CAFR preparation-per hour rate					
<u>School District</u>					
Financial Statements, Statements of Compliance (Alaska Statutes and Department of Education and Early Development, Reimbursable Expenditures for School Construction, and Tuition Rate Report	_____	_____	_____	_____	_____
Federal Single Audit	_____	_____	_____	_____	_____
State Single Audit	_____	_____	_____	_____	_____
Consultation	_____	_____	_____	_____	_____
Total	=====	=====	=====	=====	=====
 GRAND TOTAL	=====	=====	=====	=====	=====

ATTACHMENT C

**KODIAK ISLAND BOROUGH
710 Mill Bay Road
Kodiak, AK 99615**

**EXTERNAL AUDIT SERVICES FOR THE KODIAK ISLAND BOROUGH AND
THE KODIAK ISLAND BOROUGH SCHOOL DISTRICT**

RATE SCHEDULE FOR POTENTIAL ADDITIONAL ENGAGEMENT (S)

<u>Staff Category *</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Partner	_____	_____	_____	_____	_____
Senior Manager	_____	_____	_____	_____	_____
Manager	_____	_____	_____	_____	_____
Senior	_____	_____	_____	_____	_____
Advanced Staff	_____	_____	_____	_____	_____
Staff	_____	_____	_____	_____	_____

* Please adjust the staff categories to reflect those of the proposer's firm.

ATTACHMENT D

**KODIAK ISLAND BOROUGH
710 Mill Bay Road
Kodiak, AK 99615**

**EXTERNAL AUDIT SERVICES FOR THE KODIAK ISLAND BOROUGH AND
THE KODIAK ISLAND BOROUGH SCHOOL DISTRICT**

3.30.060 Local preference. The assembly may, in its discretion, direct an award of a contract for the purchase of personal property or services after competitive bidding to a responsible bidder who maintains a business office or store within the borough from which the property or service would be provided, if that bid does not exceed the lowest responsible bid by more than ten (10) percent. (Ord. 76-6-O '1(part), 1976).