

**CITY OF NEW ORLEANS, LOUISIANA
REQUEST FOR PROPOSALS
AUDIT SERVICES
ISSUED NOVEMBER 18, 2008**

Purpose

The Council of the City of New Orleans is soliciting proposals from accounting/auditing firms that wish to provide auditing services to the City as members of a consortium of auditors of which Postlethwaite & Netterville is the principal auditor. The firm(s) selected pursuant to this RFP will participate in conducting the audit of FY 2008 and in the audits of the ensuing four fiscal years, assuming mutual satisfaction. Postlethwaite & Netterville is now in the second year of its five year engagement.

The City's fiscal year is the calendar year. Planning for the audit begins in December; the heaviest workload occurs in February through April, after the City closes its books. All reports issued in connection with the audit are to be completed by May 30, 2009; reports which must be incorporated into the CAFR must be provided to the principal auditors by the end of April.

Scope of Work

The City Council uses a consortium of auditors in order to offer opportunities to qualified small, disadvantaged accounting firms. This request for proposals includes three distinct audit tasks; proposals may be submitted to perform one or all of the tasks described. Proposals should include, in a separate, sealed envelope, the fee for each individual task. If the firm is submitting proposals to perform more than one task, and a "package" fee is offered which is less than the sum of the separate fees, the reduced fee should also be provided.

TASK #1

I. Services:

A) Perform the City's Single Audit, in accordance with Generally Accepted Auditing Standards (GAAS); Government Auditing Standards (GAS) issued by the Comptroller General of the United States; Office of Management and Budget Circular A133 "Audits of States and Local Governments, and Non-Profit Organizations", or any subsequent document; the provisions of La. R.S. 24:517; and the provisions of the Louisiana Governmental Audit Guide.

B) Sign and issue the following reports and schedules:

- 1) Report on the supplementary schedule of expenditures of federal awards;
- 2) Report on compliance and on internal controls over financial reporting;
- 3) Report on compliance with requirements applicable to each major program and internal controls over compliance;
- 4) Schedule of findings and questioned costs, including summary of independent auditors' results; financial statement findings; and federal award findings and questioned costs;
- 5) Auditor's information section of the Data Collection Form.
- 6) Comments to management

C) Provide copies of all reports as follows:

- 1) the Louisiana Legislative Auditor, as required.
- 2) six (6) copies to the Department of Finance;
- 3) ten (10) copies to the Board of Liquidation, City Debt;
- 4) ten (10) copies to the Council Fiscal Office for distribution to Councilmembers and to the Clerk of Council;
- 5) one (1) copy to the US Census Bureau.

D) Consistent with the Council's desire to provide opportunities for small firms owned by disadvantaged persons, the proposal to perform this task must include participation by a small, disadvantaged firm which will have responsibility for providing not

less than 10% of the budgeted hours of work under the supervision of the principal firm submitting the proposal.

A copy of the City's most recent Single Audit and related reports is available for review at the Council Fiscal Office, 1300 Perdido St., City Hall Room 1E06.

II. Proposal:

A proposal to perform this task must include the following:

1) A formal statement that the firm meets the guidelines for independence established by GAS.

2) Copies of the most recent peer review, any desk reviews performed in the past three years, and the status of any disciplinary actions taken against the firm in the past five years by the La. State Board of CPAs or the AICPA.

3) Confirmation that the required continuing professional education hours in governmental accounting and auditing have been fulfilled by each professional required to have such educational hours. Such confirmation will be required annually.

4) Description of projects completed since January 1, 2006, which demonstrate experience by the principals with single audit work.

5) A list of the partner(s) and manager(s) who would be assigned to this project, with designation of the partner responsible for the engagement, and a description of the relevant training and experience of each. The Council encourages the involvement of minority and women professionals and of New Orleans domiciliaries; please indicate whether any of the listed individuals meet one or more of these criteria.

6) Evidence of sufficient depth of personnel that work load, absence, or resignation of assigned staff will not interfere with provision of services. Provide numbers of audit partners, managers and professional staff with experience in governmental accounting which are employed by the local office of the lead firm and by the disadvantaged firm.

5) An estimate of the number of hours to be allocated to this task, in the first year and in subsequent years, by position, including the hours which are to be provided by the disadvantaged firm.

6) A brief description of the audit approach to be used by the firm, including the

proposed use of Electronic Data Processing software; the employment of statistical sampling techniques; and the selection procedures to be used for determining which laws and regulations should be tested for compliance.

7) A list of four references who are familiar with the work of the principals to be assigned to this project, with name, title, address, phone, fax number and email address of each.

8) This RFP states (above) that “upon mutual agreement between the Council and the Contractor, the contract term may be extended for four one-year periods.’ Please include as a section of the proposed budget the terms under which the Contractor would be willing to renew for each additional one-year period.

9) A sworn affidavit listing all persons with an ownership interest in the respondent. An “ownership interest” shall not be deemed to include ownership of stock in a publicly traded corporation or ownership of an interest in a mutual fund or trust that holds an interest in a publicly traded corporation. This affidavit is public record.

10) A sworn affidavit stating that no other person holds an ownership interest in the respondent via a counter letter.

11) A list of all persons, natural or artificial, who are retained by the respondent at the time of the application and/or who are expected to perform work as sub-contractors in connection with the respondent’s work for the City Council. The Council may require information on employees or sub-contractors of or ownership interests in the sub-contractor. This list is public record.

12) In a separate, sealed envelope, the all-inclusive fee for performing this task, including the fees of the disadvantaged firm and all reimbursable costs. Performance of this project will include attendance by representatives of the firm at 2 or 3 Council Audit Committee meetings during preparation and presentation of the audit; attendance at approximately three coordinating meetings with other members of the consortium; and providing responses to questions which may be received from the Council and its staff during performance of the audit and subsequent to release of the reports. If an increase in the fee would be anticipated in years 2 through 5, assuming mutual satisfaction and renewal of the contract, please describe the increase requested.

TASK #2

I. Services:

A) Perform audits of the financial statements of the City's Firefighters' Old and New Pension Funds and Police Pension Fund. The audit of the Firefighters' Old Fund will include a review, in cooperation with the principal auditors, of the Trust Fund administered by the Board of City Trusts for the benefit of the Old Fire Pension Plan.

B) Sign and issue the following reports for each Pension Fund:

1) Opinion on whether the financial statements are fairly presented, in all material respects, in conformity with Generally Accepted Accounting Principles.

2) Report on the internal control structure based on the audit of the financial statements.

3) Report on compliance with laws and regulations.

4) A management letter, if appropriate.

C) Provide copies of each report as follows:

1) the La. Legislative Auditor, as required

2) three (3) copies to the appropriate Pension Fund Administrator;

3) ten (10) copies to the Council Fiscal Office for distribution to Councilmembers and to the Clerk of Council;

4) three (3) copies to the Department of Finance;

5) two (2) copies to the Board of Liquidation, City Debt.

Copies of the most recent audits of the Pension Trust Funds are available for review at the Council Fiscal Office, Room 1E06 City Hall.

II. Proposal:

A proposal to perform this task must include the following:

1) A copy of the most recent peer review, any desk reviews which have been conducted in the past three years, and the status of any disciplinary actions taken against the firm in the past five years by the Louisiana State Board of CPAs or the AICPA.

2) Description of projects completed since January 1, 2006, which demonstrate

experience by the principals with pension audits.

3) A list of the partner(s) and manager(s) who would be assigned to this project, with designation of the partner responsible for the engagement, and a description of the relevant training and experience of each. The Council encourages the involvement of minority and women professionals and of New Orleans domiciliaries; please indicate whether any of the listed individuals meet one or more of these criteria.

4) Evidence of sufficient depth of personnel that work load, absence, or resignation of assigned staff will not interfere with provision of services. Provide numbers of audit partners, managers and professional staff who have governmental or pension experience who are employed by the local office of the firm.

5) An estimate of the number of hours to be allocated to this task, in the first year and in subsequent years, by retirement fund, by position.

6) A brief description of the audit approach to be used by the firm, including the proposed use of Electronic Data Processing software; the employment of statistical sampling techniques; and the approach to be used to test the internal control structure of each Pension Fund.

7) A list of four references who are familiar with the work of the principals to be assigned to this project, with name, title, address, phone, fax number and email address of each.

8) This RFP states (above) that “upon mutual agreement between the Council and the Contractor, the contract term may be extended for four one-year periods.’ Please include as a section of the proposed budget the terms under which the Contractor would be willing to renew for each additional one-year period.

9) A sworn affidavit listing all persons with an ownership interest in the respondent. An “ownership interest” shall not be deemed to include ownership of stock in a publicly traded corporation or ownership of an interest in a mutual fund or trust that holds an interest in a publicly traded corporation. This affidavit is public record.

10) A sworn affidavit stating that no other person holds an ownership interest in the respondent via a counter letter.

11) A list of all persons, natural or artificial, who are retained by the respondent at the

time of the application and/or who are expected to perform work as sub-contractors in connection with the respondent's work for the City Council. The Council may require information on employees or sub-contractors of or ownership interests in the sub-contractor. This list is public record.

12) In a separate, sealed envelope, the all-inclusive fee for performing this task, including reimbursable costs. This task may include attendance by representatives of the firm at 1 or 2 Council Audit Committee meetings during performance and presentation of the audit; attendance at approximately three coordinating meetings with other members of the consortium; and responses to questions which may be received from the Council and its staff during performance of the audits and subsequent to release of the reports. If an increase in the fee would be anticipated in years 2 through 5, assuming mutual satisfaction and renewal of the contract, please describe the increase requested.

TASK #3

I. Services:

A) Perform audit of the Municipal Employees' Retirement System (MERPS).

B) Sign and issue the following reports for MERPS:

1) Opinion on whether the financial statements are fairly presented, in all material respects, in conformity with Generally Accepted Accounting Principles.

2) Report on the internal control structure based on the audit of the financial statements.

3) Report on compliance with laws and regulations.

4) A management letter, if appropriate.

C) Provide copies of each report as follows:

1) the La. Legislative Auditor, as required

2) three (3) copies to the appropriate Pension Fund Administrator;

3) ten (10) copies to the Council Fiscal Office for distribution to Councilmembers and to the Clerk of Council;

4) three (3) copies to the Department of Finance;

5) two (2) copies to the Board of Liquidation, City Debt.

Copies of the most recent audits of the Pension Trust Funds are available for review at the Council Fiscal Office, Room 1E06 City Hall.

II. Proposal:

A proposal to perform this task must include the following:

1) A copy of the most recent peer review, any desk reviews which have been conducted in the past three years, and the status of any disciplinary actions taken against the firm in the past five years by the Louisiana State Board of CPAs or the AICPA.

2) Description of projects completed since January 1, 2006, which demonstrate experience by the principals with pension audits.

3) A list of the partner(s) and manager(s) who would be assigned to this project, with designation of the partner responsible for the engagement, and a description of the relevant training and experience of each. The Council encourages the involvement of minority and women professionals and of New Orleans domiciliaries; please indicate whether any of the listed individuals meet one or more of these criteria.

4) Evidence of sufficient depth of personnel that work load, absence, or resignation of assigned staff will not interfere with provision of services. Provide numbers of audit partners, managers and professional staff who have governmental or pension experience who are employed by the local office of the firm.

5) An estimate of the number of hours to be allocated to this task, in the first year and in subsequent years, by retirement fund, by position.

6) A brief description of the audit approach to be used by the firm, including the proposed use of Electronic Data Processing software; the employment of statistical sampling techniques; and the approach to be used to test the internal control structure of each Pension Fund.

7) A list of four references who are familiar with the work of the principals to be assigned to this project, with name, title, address, phone, fax number and email address of each.

8) This RFP states (above) that "upon mutual agreement between the Council and

the Contractor, the contract term may be extended for four one-year periods.' Please include as a section of the proposed budget the terms under which the Contractor would be willing to renew for each additional one-year period.

9) A sworn affidavit listing all persons with an ownership interest in the respondent. An "ownership interest" shall not be deemed to include ownership of stock in a publicly traded corporation or ownership of an interest in a mutual fund or trust that holds an interest in a publicly traded corporation. This affidavit is public record.

10) A sworn affidavit stating that no other person holds an ownership interest in the respondent via a counter letter.

11) A list of all persons, natural or artificial, who are retained by the respondent at the time of the application and/or who are expected to perform work as sub-contractors in connection with the respondent's work for the City Council. The Council may require information on employees or sub-contractors of or ownership interests in the sub-contractor. This list is public record.

12) In a separate, sealed envelope, the all-inclusive fee for performing this task, including reimbursable costs. This task may include attendance by representatives of the firm at 1 or 2 Council Audit Committee meetings during performance and presentation of the audit; attendance at approximately three coordinating meetings with other members of the consortium; and responses to questions which may be received from the Council and its staff during performance of the audits and subsequent to release of the reports. If an increase in the fee would be anticipated in years 2 through 5, assuming mutual satisfaction and renewal of the contract, please describe the increase requested.

Conflicts of Interest

Any firm or individual providing a response to the RFP shall provide a clear and unambiguous indication of any potential or real conflicts of interest it may have with respect to performing work on behalf of the City Council on this project. For any such work performed, the respondent shall indicate why the respondent deems such work to be or not to be in conflict with the interests of the City or its agencies. The Council shall make the

final decision as to whether any conflict of interest exists.

EVALUATION CRITERIA - all tasks

- 1) Appropriate qualifications and relevant experience of professionals to be assigned to the task.
- 2) Capability and commitment to provide sufficient staff to complete the task in a timely manner.
- 3) Information received from references.
- 4) Involvement in the proposal at the professional level of members of disadvantaged groups and New Orleans domiciliaries.
- 5) Location of the firm in New Orleans.
- 6) Cost.

PROPOSAL PROCESS

Pre-proposal conference: A pre-proposal conference will be conducted by the Council Fiscal Officer, with the City's Finance Deputy Director, Mr. Derrick Muse and his staff, on Wednesday, December 3, 2008 at 2 p.m., in the Council Conference Room, 2W16, City Hall. Mr. Muse will conduct an on-site visit if requested and has been asked to provide the following information:

Information on computer software and hardware used in preparation of the City's financial statements for the Single Audit and Pension Audits;

Information on the work space, equipment, and staff assistance provided to the auditors relative to the Single Audit and the audits of Pension Trust Funds;

Information on the estimated dates when the Finance Department will provide reports and schedules required for the Single Audit and Pension audits;

Information on any problems anticipated in preparation for performance of the audits.

Representatives of Postlethwaite & Netterville will also be available to respond to any questions.

All questions from potential proposers will be addressed at the pre-proposal conference; if proposers have questions which may require information not included in the list above, please provide them to the Finance Deputy Director, email damuse@cityofno.com or fax no. 658-1705, with a copy to the Council Fiscal Officer, email cjaquillard@cityofno.com or fax no. 6581100, not less than three working days prior to the pre-proposal conference. **No other written or oral communications from potential applicants regarding this proposal shall be made to any Councilmember, City employee, or employee of Postlethwaite & Netterville during this Request for Proposals process.**

Proposal submission: Fifteen (15) copies of the final proposal must be received by 4 p.m. on Thursday, December 18, 2008 in the City Council Fiscal Office, Room 1E06, City Hall, 1300 Perdido St., New Orleans, La. 70112. Late proposals will not be considered.

Selection process: An evaluation committee composed of the Council Chief of Staff, the Council Research Officer and /or the Council Utilities Director, the Council Fiscal Officer and the Deputy Director of Finance, with assistance from Postlethwaite & Netterville, will review and evaluate the proposals, including the proposed fees, selecting up to five for each task for referral to the Council Budget/Audit/Board of Review Committee. For proposals selected for referral, the Council staff will contact one or more of the references.

The Council Budget/Audit/Board of Review Committee is composed of Councilmember Cynthia Hedge-Morrell, Chairman; Councilmembers Arnie Fielkow and Stacy Head, and Councilmember Jacquelyn Brechtel Clarkson, Alternate. The Audit Committee may interview some of the respondents selected by the evaluation committee. Postlethwaite & Netterville may participate in some of those interviews. The Audit Committee may make a recommendation to the City Council. The firm(s) must be selected by Motion of the Council. It is anticipated that the selection process will be completed during the month of January, 2009.

Inspector General

Section 9-1120, Chapter 2 of the Code of the City of New Orleans, relative to the Office of Inspector General, provides in part as follows:

“Every city contract and every budget, proposal, application, or solicitation for a city contract, and every application for certification of eligibility for a city contract or program shall contain a statement that the corporation, partnership, or person understands and will abide by all provisions of this chapter.”

The Inspector General shall be notified in writing prior to any meeting of a selection or negotiation committee relating to the procurement of goods or services by the city, including meetings involving third party transactions. The notice required shall be given to the Inspector General as soon as possible after a meeting has been scheduled, but in no event later than twenty-four hours prior to the scheduled meeting. The Inspector General may attend all city meetings relating to the procurement of goods or services as provided herein, and may pose questions and raise concerns consistent with the functions, authority, and powers of the Inspector General. An audio recorder or court stenographer may be utilized to record all selection or negotiation committee meetings attended by the Office of the Inspector General.

Additional Information

The City of New Orleans is not liable for any costs incurred prior to entering into a formal written contract. Any costs incurred in the preparation of the statement of qualifications, interview, or other pre-contract activity are the responsibility of the respondent. All submissions become the property of the City and, as such, are public information.

The City Council reserves the right to accept or reject any and all responses submitted and

to cancel the RFP, in whole or in part, for any reason, in its sole judgment.

It is anticipated that the contractor will invoice the City monthly, when billable activities have occurred within the month. Work shall be detailed in increments of one tenth/hour.

The contract with the City Council shall contain a provision that any sub-contractor proposed to be retained by the respondent to perform work on the contact with the City Council must be approved in accordance with the provisions of Council Rule 45. The Council may require information on ownership interests in the sub-contractor.

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Attachment

Questionnaire

1. Project name
2. Date Submitted
3. Specify type of ownership and indicate if applicable:
 Private corporation Public corporation Proprietorship
 Partnership Small business Minority owned business
 Woman owned business Limited Liability Company
 Other (specify _____)
- 4a. Firm (or joint venture) name, mailing address, telephone number and e-mail address
- 4b. Firm's owners
- 4c. Name, title, telephone, fax number, and e-mail address of principal to contact
- 4d. Name, title, telephone, fax number, and e-mail address of proposed project manager
5. Full time personnel assigned to project

Number Position/Title

6. Is submittal a joint venture?
 - a. If so, has joint venture worked together before?
 - b. If a joint venture, name of lead firm.
7. Summary of professional service fees received in (insert index number)

2007	2006	2005	2004	2003
()	()	()	()	()

Use index below:

Index

- | | | | |
|----|----------------------------|----|----------------------------|
| 1. | less than \$250,000 | 4. | \$3,000,000 to \$6,000,000 |
| 2. | \$250,000 to \$1,000,000 | 5. | \$6,000,000 or greater |
| 3. | \$1,000,000 to \$3,000,000 | | |

8. Brief resumes of key persons anticipated for this project. Please indicate male/female, minority/majority and parish of domicile.
 - a. Name and title
 - b. Project assignment
 - c. Name of firm by which employed full time and location of office
 - d. Years experience with this firm
With other firms in the New Orleans market _____
 - e. Highest Academic Degree: _____ Year Received _____
Institution _____

Specialization
Other Professional Training
 - f. Experience and qualification relevant to the proposed project
 - g. Names of public officials and/or public agencies, especially in Louisiana for which the firm has provided service since July 1, 2003, with dates of the service and brief description.
 - h. Contracts using public funds (city, state or federal) administered by firm.
9. Work by firm's personnel members to be assigned to this job which best illustrates current qualifications relevant to this project (list not more than 5 projects including experience with governmental issues).
 - a. Project Name & Location and Owner's Name
 - b. Project Description
 - c. Nature of Firm's Responsibilities
 - d. Completion Date (Actual or Estimated)
 - e. Estimated Fees for Entire Project
10. Provide any additional information or description of resources supporting your firm's qualifications for the proposed project.
11. Provide four references including name/title, phone number, mailing address and e-mail address.