

Request for Proposals

**Professional Auditing Services
RFP No. 16-502-083-01**



**Sealed RFP'S will be received until
2:00 p.m. on Tuesday, May 31, 2016**

**Return RFP to:
City of Harker Heights
Attn: Kelsey Coffman
305 Miller's Crossing
Harker Heights, TX 76548**

I. INTRODUCTION

A. General Information

The City of Harker Heights is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2016, with the option of auditing its financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with the following requirements:

- Generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards* (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*;
- Standards set forth in the Government Finance Officers Association's (GFOA) *Governmental Accounting, Auditing and Financial Reporting* and standards for the GFOA's Certificate for Achievement for Excellence in Financial Reporting program.

There is no expressed or implied obligation for the City of Harker Heights to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, five (5) copies of a proposal must be received by Kelsey Coffman, Finance Coordinator, at 305 Miller's Crossing, Harker Heights, Texas, 76548 by 2:00 p.m. on Tuesday, May 31, 2016. Late proposals will not be considered and will be returned to proposer unopened. The City of Harker Heights reserves the right to reject any or all proposals submitted and to waive any informality in proposals received.

Proposals submitted will be evaluated by a committee selected by the City of Harker Heights. During the evaluation process, the City of Harker Heights reserves the right, where it may serve the City of Harker Heights' best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City of Harker Heights, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Harker Heights reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions

contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Harker Heights and the firm selected.

B. Term of Engagement

A five-year contract is contemplated, subject to the annual review and recommendation of the City Manager, the satisfactory negotiation of terms (including a price acceptable to both the City of Harker Heights and the selected firm), the concurrence of the City of Harker Heights City Council and the annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General

The City of Harker Heights is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2016, with the option to audit the City of Harker Heights' financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

B. Scope of Work to be Performed

The City of Harker Heights desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

The City of Harker Heights also desires the auditor to express an opinion on the fair presentation of its combining and individual fund 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. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The auditor is not required to audit the schedules of expenditures of federal award. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements, if a single audit is required.

C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, 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 for in the U.S. General Accounting Office's *Government Auditing Standards* (1994), the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Audits of State and Local Governments.

D. Reports to be Issued

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

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards "in-relation-to" the audited financial statements;
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements; and
3. A report on compliance and internal control over compliance applicable to each major federal program, if single audit is required.

In the required report(s) on compliance and internal controls, 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 the internal control structure, which could adversely affect the organization'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. Non-reportable conditions discovered by the auditors shall be reported in a

City of Harker Heights
Request for Proposals
Annual Financial Audit

separate letter to management, which shall be referred to in the report(s) on compliance and internal controls.

The reports on compliance and internal controls shall include all instances of non-compliance.

Irregularities 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 to the following parties:

- Finance Director;
- Assistant City Manager; and
- City Manager.

E. Special Considerations

1. The City of Harker Heights will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. The auditor should be familiar with this program and will be required to prepare the Comprehensive Annual Financial Report in accordance with the requirements of the program.
2. The City of Harker Heights currently anticipates it will prepare one or more official statements in connection with the sale of debt securities which will contain the general purpose financial statements and the auditor's report thereon. The auditor shall be required, if requested by the fiscal advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters".
3. The auditor shall prepare an original of the annual Comprehensive Annual Financial Report (CAFR), including the auditors' reports thereon in electronic format (pdf or Word) and hard copy. The City of Harker Heights will be responsible for the printing and binding of the CAFR.
4. The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls should be included in the comprehensive annual financial report.

F. 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 five (5) years, unless the firm is notified in writing by the City of Harker Heights 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:

- City of Harker Heights;
- U.S. General Accounting Office (GAO);
- Parties designated by the federal or state governments or by the City of Harker Heights as part of an audit quality review process; and/or
- Auditors of entities of which the City of Harker Heights is a subrecipient of grant funds.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance, at no additional cost to the City of Harker Heights.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact Persons/Organizational Chart/Location of Offices

The auditor's principal contact with the City of Harker Heights will be Alberta S. Barrett, Finance Director, or her designated representative, who will coordinate the assistance to be provided by the City of Harker Heights to the auditor.

An organizational chart (Appendix A) and a list of key personnel with the location of their principal offices (Appendix B) are attached.

B. Background Information

More detailed information on the government and its finances can be found in:

- Annual Budgets;
- Comprehensive Annual Financial Reports;
- Official Statements;
- Annual Financial and Compliance Reports; and
- Various Policies and Procedures Manuals.

C. Fund Structure

The City of Harker Heights uses the following fund types and account groups in its financial reporting:

Fund Type/Account Group	Number of Individual Funds	Included With Legally Adopted Annual Budgets
General Fund	1	X
Special Revenue Funds	2	X
Debt Service Funds	1	X
Capital Projects Fund	1	
Enterprise Funds	3	X
Employee Benefit Trust Fund	1	X

D. Budgetary Basis of Accounting

The City of Harker Heights prepares its budgets on a basis consistent with generally accepted accounting principles.

E. Federal and State Awards

During the previous fiscal year audited, the City of Harker Heights received the following:

Award	Awarding Agency	CFDA#
Bulletproof Vest Partnership Grant	U.S. Department of Justice	16.607
Neighborhood Initiative	U.S. Department of Housing and Urban Development	14.251
Energy Efficiency & Conservation Block Grant	Department of Energy	81.128
Lone Star Libraries	Texas State Library & Archives Commission	n/a
LEOSE – Fire	Texas State Comptroller	n/a
LEOSE - Police	Texas State Comptroller	n/a
Texas Community Development Block Grant Program	Texas Department of Agriculture	14.228
Texas Department of Transportation Pass Through Funding	Texas Department of Transportation	20.205

F. Employee Benefit Plan

The City of Harker Heights provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. Actuarial services for this plan are provided by the Texas Municipal Retirement System.

G. Postemployment Benefits Other than Pensions

In addition to the pension benefits described above, the City of Harker Heights makes available health care benefits to all employees who retire from the City of Harker Heights through a single-employer defined benefit healthcare plan. This healthcare plan provides lifetime insurance or until 65 if eligible for Medicare to eligible retirees, their spouses and dependents through the City of Harker Heights' group health insurance plan, which covers both active and retired members. Actuarial services for this benefit are provided by a third party consultant firm.

H. Component Units

There are no component units that qualify for inclusion in the City of Harker Heights reporting entity.

I. Joint Ventures

The City of Harker Heights does not participate in joint ventures with other governments.

J. Magnitude of Finance Operations

The Finance Department is headed by Alberta S. Barrett, Finance Director, and consists of eight (8) employees. The principal functions performed and the employee assigned to each are as follows:

Function	Position
Accounts Payable	Account Clerk
Payroll & related functions	Payroll Specialist
Accounts Receivable, Bank Reconciliation	Payroll Specialist
Utility Billing	Utility Billing Clerk (2)
Purchasing, Fixed Assets	Finance Coordinator
Cash Receipts	Customer Service Clerk
Cash Management, Investments, Budget & Audit	Assistant Finance Director

K. Computer Systems

The City of Harker Heights Information Services Department provides managed network access to all departments of the City. All network communications are routed through City Hall, with the exception of specific Police Data that is routed directly from the Police Department to the Bell County Communication Center. The Pet Adoption Center, Central Fire Station, the Harker Heights Library & Activity Center and the Police Department Building are connected to City Hall via City owned fiber optics lines. The remaining buildings are connected to the City utilizing either a secure point-to-point radio network or through a Virtual Private Network (VPN) tunnel.

The Information Services Department supports and maintains several servers to support the departments of the City. The majority of the servers are located either at the City Hall building or the Police Department Building. In many instances the physical servers host a variety of virtual servers that are dedicated to supporting a single application or function.

Specific applications that are supported and maintained by the Information Services Department include:

1. Tyler Technologies' Incode software that manages the general ledger, the purchase order process, accounts payable, payroll and budgeting. In addition, the software supports Court operations and cash collections for various departments.
2. Tyler Technologies Content Manager that support various departments' document storage requirements.
3. Sam Houston State University's CRIMES software that support the Police record management and documentation requirements.
4. FireProgram's Station Manager software that supports Fire Department record management requirements.
5. Integrated Library Solutions' Atrium software that supports the library book management and online catalog requirements.

In addition to these departmental specific applications, the Information Services Department supports applications and services that are used by the organization as a whole. This software includes Email Services, network rights management services, file storage services, video surveillance, and several voice communication platforms. Third party hosted services include ActiveNet for sports and recreation registration, MyPermitsNow for online permit registration, and Incode Payment services for online payment of water bills and court fines.

L. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letter should contact Alberta S. Barrett, Finance Director, at 305 Miller's Crossing, Harker Heights, Texas 76548, (254) 953-5600. The City of Harker Heights will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are to be submitted:

Advertisements	May 8 and May 15, 2016
Request for proposal issued	May 9, 2016
Due date for proposal submission	May 31, 2016
Award contract no later than	August, 2016

B. Date Audit May Commence

The City of Harker Heights will have all records ready for audit and all management personnel available to meet with the firm's personnel on a mutually agreed upon date.

C. Schedule for 2016 Fiscal Year Audit

The auditor will submit for review and approval by the Finance Director, a schedule of audit functions as follows:

1. Field Work. Expected start and completion dates;
2. Information to be Provided by the City of Harker Heights. The auditor shall provide the City of Harker Heights a list of all schedules and other assistance to be prepared by City staff;
3. Completion of Field Work. The auditor shall make every effort to complete all field work prior to December 1, 2016; and

4. Draft Reports. The auditor shall have drafts of the audit report(s) and recommendations to management available for review by the City Manager, Finance Director, and Assistant Finance Director by January 1, 2017.

D. Entrance Conferences, Progress Reporting and Exit Conferences

The selected auditor will schedule an entrance conference, periodic progress reports and an exit conference with the City Manager and the Finance Director. The City of Harker Heights understands that the fees stated in any proposal will be estimates and are subject to change as a result of unforeseen circumstances that may arise. ***However, the auditor must communicate the existence of such circumstances to the City Manager and Finance Director prior to performing work that will result in fees exceeding the proposed amounts.***

E. Date Final Report is Due

The auditors shall prepare, with the assistance of Finance Director and Assistant Finance Director, draft financial statements, notes and all required supplementary schedules by January 1st. The Finance Director will complete the review of the draft report as expeditiously as possible. It is not expected that this process should exceed two weeks. During that period, the auditor should be available for any meetings that may be necessary to discuss the audit report. Once all issues for discussion are resolved, the final signed report shall be delivered to the Finance Director within seven (7) working days. It is anticipated that this process will be completed and the final report delivered by January 31st.

The final report should be reviewed and signed opinion should be delivered in electronic format (pdf or word) and hard copy to Alberta S. Barrett, Finance Director by January 31st. The City of Harker Heights will be responsible for the printing and binding of the CAFR. It is anticipated that this process will be completed and the final report prepared for the first City Council meeting in February. City Council meetings are held on the second and fourth Tuesday of each month.

The auditor shall be present at this meeting to present the audit opinion, discuss any material findings reported in the management letter, discuss the audit report in summary, and to answer any questions from the City Council.

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

A. Finance Department and Clerical Assistance

The Finance Department staff and responsible management personnel will be available during normal working hours throughout the course of the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the auditor, but will be typed by the City of Harker Heights.

B. Information and Schedules to be Prepared by the Staff of the City of Harker Heights

City of Harker Heights staff will prepare reconciliations and schedules as needed.

C. Work Area, Telephones, Photocopying and FAX Machines

The City of Harker Heights will provide the auditor with reasonable work space, table and chairs. The auditor will also be provided with access to telephones, photocopying equipment, and FAX machines subject to the following restrictions:

- Long distance telephone charges shall not be charged to the City phone lines. Any anticipated long distance charges should be included in the cost fee estimate as other charges.

D. Report Preparation

The auditor will provide an original of the CAFR, to include the auditor's opinion, financial statements and notes thereon, and supplementary schedules in electronic format (pdf or word) and hard copy with the assistance of the Finance Director and the Assistant Finance Director. The City of Harker Heights will be responsible for the printing and binding of the CAFR.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the request for proposal and the subject of the request for proposal must be made to:

Alberta S. Barrett
Finance Director
City of Harker Heights
305 Miller's Crossing
Harker Heights, Texas 76548
Phone: (254) 953-5634
FAX: (254) 953-5635
Email: abarrett@ci.harker-heights.tx.us

CONTACT WITH PERSONNEL OF THE CITY OF HARKER HEIGHTS OTHER THAN ALBERTA S. BARRETT, FINANCE DIRECTOR REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

2. Submission of Proposals

The following material is required to be received by 2:00 p.m. on Tuesday, May 31, 2016, for a proposing firm to be considered:

a. Five (5) copies of a Request for Proposal to include the following:

i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be the best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for 90 days.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI.B. of this request for proposal.

- v. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request of proposal (Appendix C and Appendix D).
- b. The proposer shall submit five (5) copies of a request for proposal by 2:00 p.m. on May 31, 2016 in a separate sealed envelope marked as follows:

REQUEST FOR PROPOSAL
FOR
CITY OF HARKER HEIGHTS
FOR
PROFESSIONAL AUDITING SERVICES
RFP #16-502-083-01

B. Request for Proposal

1. General Requirements

The purpose of the Request for Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Harker Heights in conformity with the requirements of this request for proposal. As such, the substance of the proposal will carry more weight than their form or manner of presentation. The Request for Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

The Request for Proposal should address all the points outlined in the RFP. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposal. While additional data may be presented, the following subjects, items number 2 through 12, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the City of Harker Heights as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards* (1994).

The firm should also list and describe the firm's professional relationships involving the City of Harker Heights or any of its agencies for the past five (5) years, together with a statement of explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit. Complete and return the attached Conflict of Interest Questionnaire (Appendix E).

In addition, the firm must give the City of Harker Heights written notice of any professional relationship entered into during the period of this agreement.

3. License to Practice in Texas

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in the State of Texas.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or

City of Harker Heights
Request for Proposals
Annual Financial Audit

licensed to practice as a certified public accountant in the State of Texas. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with express prior written permission of the City of Harker Heights. However, in either case, the City of Harker Heights retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the City of Harker Heights, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last five (5) years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Also indicate whether the CAFR issued in connection with the audit was awarded the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

7. Report Format

The proposal should include sample formats for required reports.

8. Total All-Inclusive Maximum Price

The proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price is to contain all direct and indirect costs including all out-of-pocket expenses.

The City of Harker Heights will not be responsible for expenses incurred in preparing and submitting the request for proposal. Such costs should not be included in the proposal.

The first page of the Request for Proposal should include the following information:

- a. Name of Firm;
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the proposal, and authorized to sign a contract with the City of Harker Heights; and
- c. A Total All-Inclusive Maximum Price for the 2016 engagement and subsequent engagement for the next four (4) years.

9. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the Request for Proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment that supports the total all-inclusive maximum price. The cost of special services described in Section II.E. of this request for proposal should be disclosed as separate components of the total all-inclusive maximum price.

10. Out-of-pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g. travel, lodging and subsistence) will be reimbursed at the rates used by the City of Harker Heights for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the request for proposal in the format provided in the attachment. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the proposal stating the firm will accept reimbursement for travel, lodging, and subsistence at the prevailing City of Harker Heights rates for its employees.

11. Rates for Additional Professional Services

If it should become necessary for the City of Harker Heights to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City of Harker Heights and the firm. Any such additional work agreed to between the City of Harker Heights and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the proposal.

12. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billing shall cover a period of not less than a calendar month. Final payment will be made upon delivery of final reports.

VII. EVALUATION PROCEDURES

A. Audit Selection Committee

Proposals submitted will be evaluated by a committee consisting of City of Harker Heights staff.

B. Review of Proposals

The Audit Selection Committee will use a point formula during the review process to score proposals. Each member of the Audit Selection Committee will first score each proposal by each of the criteria described in Section VII.C. below. The Audit Selection Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite score for each firm.

The City of Harker Heights reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualification and price. The following represents the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in the State of Texas.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the City of Harker Heights. The firm is independent of the City of Harker Heights.
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
- d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- e. The firm has performed one or more audits of Texas municipalities in the past two (2) years.
- f. The firm has prepared one or more CAFRs which have received the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

2. Technical Qualifications: (Maximum Points = 80)

a. Expertise, Experience and Approach

- i. The firm's past experience and performance on comparable government engagements. (20 points)
- ii. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation. (15 points)
- iii. Adequacy of proposed staffing plan for various segments of the engagement. (15 points)

City of Harker Heights
Request for Proposals
Annual Financial Audit

- iv. The firm's past experience with the GFOA Certificate of Achievement for Excellence in Financial Reporting Program. (20 points)
- v. Ability to perform additional service and provide technical support throughout the year. (5 points)
- vi. Provide five (5) references. (5 points)

3. Price: (Maximum Points = 20)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.

D. Oral Presentations

During the evaluation process, the Audit Selection Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Audit Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

It is anticipated that a firm will be selected by August 2011. Following notification of the firm selected, it is expected that a contract will be executed between both parties immediately thereafter.

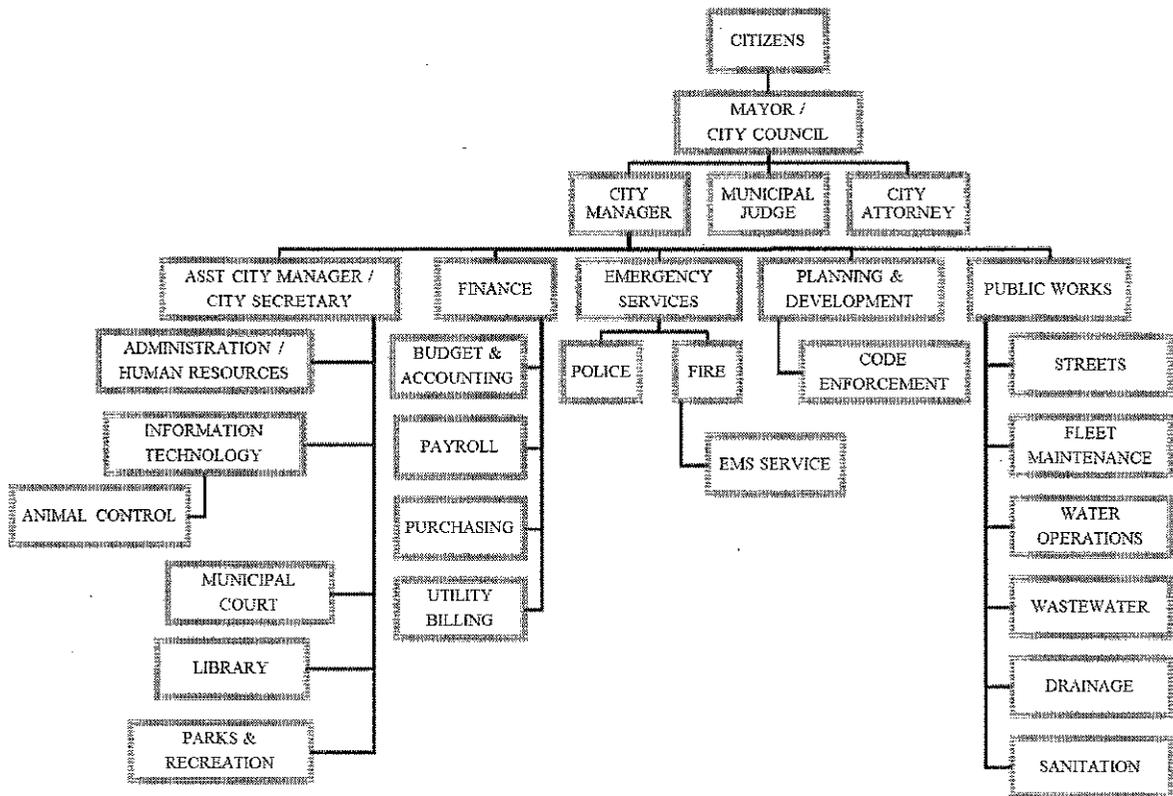
F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Harker Heights and the firm selected.

The City of Harker Heights reserves the right without prejudice to reject any or all proposals.

APPENDIX A

ORGANIZATIONAL CHART



APPENDIX B
CITY OF HARKER HEIGHTS, TEXAS
List of Key Personnel, Office Locations, and Telephone Numbers

- ELECTED OFFICIALS -

<u>Name and Title</u>	<u>Telephone #</u>	<u>Term Expires</u>
Rob Robinson, Mayor	254-953-5600	May 2017
Pat Christ, Mayor Protem	254-953-5600	May 2016
Hal Schiffman, Council Member	254-953-5600	May 2016
John Reider, Council Member	254-953-5600	May 2017
Steve Carpenter, Council Member	254-953-5600	May 2018
Jody Nicholas, Council Member	254-953-5600	May 2018

- APPOINTED OFFICIALS -

<u>Name and Title</u>	<u>Office Location</u>	<u>Telephone #</u>
David R. Mitchell, City Manager	City Hall	254-953-5600
Burk Roberts, City Attorney	Roberts & Roberts LLP	254-526-7541
Tony Kosta, City Judge	City Hall	254-953-5600
Patricia Brunson, Asst. City Manager	City Hall	254-953-5600
Alberta S. Barrett, Finance Director	City Hall	254-953-5600
Michael Gentry, Police Chief	Police Department	254-953-5600
Jack Collier, Fire Chief	Fire Station #1	254-699-2688
Jerry Bark, Parks & Rec Director	City Hall	254-953-5600
Lisa Youngblood, Library Director	Library/Act Center	254-953-5491
Mark Hyde, Public Works Director	City Hall	254-953-5600
Joseph Molis, Planning Director	City Hall	254-953-5600

APPENDIX C

PROPOSER GUARANTEES

The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX D

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of Texas laws with respect to foreign (non-state of Texas) corporations.
- B. Proposer warrants that it is, has, or is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful and negligent acts, or omissions of any officers, employees or agents thereof.

Name of Insurer: _____

Amount of Coverage: _____

- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Harker Heights.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Name of Insurer: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX E

CONFLICT OF INTEREST QUESTIONNAIRE

Page 1 of 2

This questionnaire is being filed in accordance with Chapter 176 of the Local Government Code by a person doing business with the governmental entity. By law, this questionnaire must be filed with the records administrator of the local government not later than the seventh business day after the date the person becomes aware of facts that require the statement to be filed. (See Section 176.006, Local Government Code.) An offense under this section is a Class C Misdemeanor.

1. Name of person doing business with local government entity.

2. Is this an update to a previously filed questionnaire? Yes No

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than September 1 of the year for which activity described in Section 176.006(a), Local Government Code, is pending and not later than the seventh business day after the date the originally file questionnaire becomes incomplete or inaccurate.)

3. Name each employee or contractor of the local government entity who makes recommendations to a local government officer of the governmental entity with respect to expenditures of money AND describe the affiliation or business relationship.

4. Name each local government officer who appoints or employs local governmental entity for which this questionnaire is filed AND describe the affiliation or business relationship.

APPENDIX E

CONFLICT OF INTEREST QUESTIONNAIRE

Page 2 of 2

5. Name of local government officer with whom filer has affiliation or business relationship. (Complete this section only if the answer to A, B, or C is YES.)

A. Is the local government officer named in this section receiving or likely to receive taxable income from the filer of this questionnaire?

Yes No

B. Is the filer of the questionnaire receiving or likely to receive taxable income from or at the direction of the local government officer named in this section AND the taxable income is not from the local government entity?

Yes No

C. Is the filer of this questionnaire affiliated with a corporation or other business entity that the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?

Yes No

D. Describe each affiliation or business relationship.

Signature of Person Doing Business with the Governmental Entity

Date