

Request for Proposals (RFP) for Auditing Services

Finance, Audit, and Accountability City
Council Committee
September 24, 2007

Purpose

- To provide historical background of previous action regarding auditing services contract and proposal
- To brief committee on the:
 - Proposal process
 - Solicitation efforts
 - Evaluation process

Background

- The City is required by Charter to have an independent audit of “the book of account, records and transactions of all the administrative department of the City”
- A new contract for auditing services needs to be awarded for upcoming audit of FY 2006-07 financial statements

Background (cont'd)

- In 2003, the Finance and Audit Committee (FAA) expressed the desire to award this contract to eligible firms on a three year basis
- FAA also stated if the current firm desires to propose again after the 3 year term, they would be required to replace 2 of the 3 management tier personnel: Senior Auditor, Manager, or Partner

Background (Cont'd)

- The last contract for auditing services was awarded to KPMG, LLP which has been the auditor for the past nine years
- Last year, despite significant solicitation efforts, the RFP received limited response from firms solicited due to:
 - Large firms already have other contracts with the City that present conflict of interest issues
 - Firms have too many engagements to accept at this time
 - Many large firms do not pursue governmental business
 - Smaller firms do not have the required experience to compete

Key Elements of the RFP

- Unlike most contracts, the Dallas City Council will typically evaluate and recommend award of the auditing services contract without review by City staff
- The RFP will be issued immediately following approval by the Finance, Audit and Accountability Committee
- The RFP (attached) outlines the requirements of the auditing service contract, and the criteria for evaluation

Key Elements of the RFP

- All proposals will include:
 - Table of Contents
 - Scope of services
 - Detailed listing of audit staff
 - Audit approach
 - Identification of any potential audit problems, and firm's approach to resolving these problems
 - Firm profile
 - List of any lawsuits, either pending or filed since January 2000 including subject matter and status
 - Governmental experience
 - Compliance with auditing standards generally accepted in the US
 - Any additional data including maintenance of insurance requirements, audit team including M/WBE participation, involvement in local and governmental organizations
 - Audit Fees

Key Elements of the RFP

- Evaluation Criteria:
 - Prior government auditing experience 30%
 - Qualifications of staff assigned to contract 25%
 - Audit Approach 15%
 - Cost 30%

Evaluation process

- All proposals received will be forwarded to the members of the FA&A committee
- Committee will review and select firms for oral interviews
- Committee will select proposer deemed most qualified
- Recommendation will be forwarded to full Council for contract award

Solicitation Process

- RFP will be posted on City's website, and e-mails sent to all audit service providers registered within the City's vendor database
- Notice published in the Dallas Morning News twice over a two week period
- A pre-proposal conference will be held to solicit input from prospective firms
- Notice sent to all area Chambers of Commerce for distribution to their members
- Notice sent to the Dallas area CPA organizations
- Each of the top 25 firms in the DFW area, per Dallas Business Journal Book of Lists, will also receive phone calls to their managing partner or chief executive (list attached)
- Follow-up calls will also be made to all firms attending the pre-proposal conference

Next Steps

- Issue RFP following approval by FA&A committee
- Begin solicitation efforts
- Receive proposal and forward to FA&A committee
- Schedule interview of firms by FA&A committee
- Forward recommendation of most qualified firm to full City Council for contract award

Time-line

- 9/27/07 First newspaper advertising date
- 10/04/07 Second newspaper advertising date
- 10/09/07 Pre-proposal conference @ 2:00 PM
- 10/17/07 Proposals due
- 10/22/07 Proposer presentation to Committee
- 10/22/07 Recommendation from Committee
- 11/7/07 Council agenda