

**Carson City Audit Committee
Agenda Report**

Date Submitted: September 19, 2011 **Agenda Date Requested:** September 27, 2011

To: Audit Committee

From: William Prowse, Chair

Subject Title: For Possible Action: To approve and direct the draft and publication of a Request for Statement of Qualifications (SOQ) for a contractor to perform internal audit duties.

Type of Action Requested: (check one)

☐ Resolution ☐ Ordinance
☒ Formal Action/Motion ☐ Other (Specify)

Does This Action Require A Business Impact Statement: ☐ Yes ☒ No

Recommended Committee Action: I move approve and direct the draft and publication of a Request for Statement of Qualifications (SOQ) for a contractor to perform internal audit duties.

Explanation for Recommended Committee Action: N/A

Applicable Statute, Code, Policy, Rule or Regulation: Carson City Charter Sec. 3.075.

Fiscal Impact: Up to \$110,000.00 for FY2012.

Explanation of Impact: N/A

Funding Source: Internal Audit Budget

Alternatives: None

Supporting Material: Request for Statement of Qualifications

Prepared By: Janet Busse, City Manager's Office

Reviewed By: Unilil Alshahidi Date: 9/21/11
(Finance Director)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

(Vote Recorded By)

Estimated Calendar Days Timeline to Hire Contractor -

1311

SOQ/RFP PROCESS SCHEDULE	
Receive SOQ/RFP Proposal information	
Prepare SOQ/RFP and have submitter review	5 days
SOQ/RFP posted on City Website and newspaper published	5 days
SOQ/RFP Submittal period	21 days
Proposals due and sent to Review Committee	1 day
Selection Committee Reviews SOQ/RFP and Selects Consultant(s)	5 days
Scope of Work Development and Contract Negotiation	14 days??
Audit Committee Review of Applicants/Interviews	14 days
The recommendation made by City Staff will be posted on City Website	1 day
Carson City Board of Supervisors - Contract Approval	14 days from preparation of Board Action Form
Successful Firm to begin evaluation process	Dependent on Contract Terms
The successful Firm will assist Carson City Staff in presenting the evaluation results to the Carson City Board of Supervisors	Dependent on Contract Terms

80

Total Estimated Time to BOS Approval 80 days

Audit Committee Approval 9/27/11

80 Calendar Days = 12/20/2011 *

* Not include time from BOS Approval to Contract Start

Source: Kim Belt, CC Purchasing + Contracts Manager

**REQUEST FOR STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

THIS IS NOT AN ORDER

**ADVERTISED SOQ 1112-102
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

RELEASE DATE: September 30, 2011

Carson City (City) invites interested individuals and firms to submit Statement of Qualifications (S.O.Q.) to perform the City's Internal Audit function (See Attachment A – Internal Auditor Definition). The City is required to have an Internal Audit function to perform specific duties as described in Section 3.075(2) of the Carson City Charter. The selected individual or firm will perform auditing and support services as directed by the Audit Committee and the Board of Supervisors.

The auditing services needed include the areas of program effectiveness and efficiency, i.e. performance audits.

The Board of Supervisors may satisfy the requirements to appoint an Internal Auditor by entering into a contract with an independent contractor (**CONSULTANT**).

STATEMENT OF QUALIFICATIONS shall be submitted to **CARSON CITY FINANCE DEPARTMENT**, 201 N. Carson Street, Suite 3, Carson City, Nevada 89701, by no later than **3:00 p.m. on October 21, 2011**.

RECOMMENDATION FOR AWARD will be made by the Finance Department in coordination with the Audit Committee based on the evaluation results of the City Review and Selection Committee. The City Review and Selection Committee may narrow the field to three or four consultants for possible oral interviews. Interviews will allow for a 20 minute presentation, 20 minutes questions and answers and a 15 minute set-up and tear down. Once the committee has made a recommendation and a contract is negotiated, the results will be posted on www.carson.org and all respondents will be notified by fax of the Recommendation for Award to the successful respondent.

FINAL SELECTION will be made by Carson City Board of Supervisors, and is tentatively scheduled for Thursday, November 17, 2011. Recommendation will be made by the Audit Committee, with final approval being awarded by the Board of Supervisors at a regularly scheduled meeting. Should it become necessary to reschedule the date set for award, notice will be provided to those finalists selected. In all instances, a decision rendered by Carson City shall be deemed final.

1. INTRODUCTION (General Information)

- 1.1 Carson City (City) invites interested individuals and firms to submit Statement of Qualifications (S.O.Q.) to perform the City's Internal Audit function. The City is required to have an Internal Audit function to perform specific duties as described in Section 3.075(2) of the Carson City Charter. The selected individual or firm will perform auditing and support services as directed by the Audit Committee and the Board of Supervisors.

**REQUEST FOR STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

The auditing services needed include the areas of program effectiveness and efficiency, i.e. performance audits.

The Board of Supervisors may satisfy the requirements to appoint an Internal Auditor by entering into a contract with an independent contractor (**CONSULTANT**).

- 1.2 A City Review and Selection Committee will evaluate the S.O.Q. submittals.
- 1.3 During evaluation, the City Review and Selection Committee reserves the right, where it may serve the City's best interest, to request additional information or clarification from the Consulting Firm, or to allow corrections of errors or omissions. Oral interviews may be conducted by the City Review and Selection Committee for the Consultants who submit an S.O.Q. and were short listed.
- 1.4 Submission of an S.O.Q. indicates acceptance by the Consulting Firm of the conditions contained in this Statement of Qualification, unless clearly and specifically noted in the S.O.Q. submitted and confirmed in the resultant contract between Carson City and the Firm selected.
- 1.5 The use of the term "firm" refers to Consultant Firms with certified personnel, doing business in the United States and duly registered in the state of Nevada with business license paid to Carson City after selection of the firm. With this type of project, the City may accept one or more firms teaming up for joint venture with a Nevada-based firm to prepare the required services, but the City will recognize such a consortium as a single entity only with one juridical personality.
- 1.6 There is no expressed or implied intent or obligation for Carson City to reimburse responding firms for any expenses incurred in preparing S.O.Q. submittals as well as travel expenses during interviews in response to this Statement of Qualifications.
- 1.7 Carson City shall reserve the right to terminate any agreement resultant from this solicitation and subsequent action for cause but not limited to inadequacy of performance.

2 CARSON CITY CONTACT PERSON:

- 2.2 Until the receipt and opening of S.O.Q. submittals, the consultants' principal contact with Carson City will be as listed below. All questions are to be submitted in writing and potential consultant will receive copies of all questions and answers except for the questions that are considered proprietary. Questions that are considered proprietary by Finance will only be answered to the consultant who asked the question. Questions will only be received through 12:00 p.m. on October 19, 2011.

**REQUEST FOR STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

Kim Belt
Carson Finance Department – Purchasing and Contracts
201 N. Carson Street, Suite 3
Carson City, NV 89701
775-283-7137
e-mail: KBelt@carson.org
FAX: 775-887-2107

- 2.2 All contacts regarding the S.O.Q. should be with the above-named individual only. Consultants contacting other City staff or City officials may be disqualified for doing so.

3 BACKGROUND INFORMATION:

- 3.1 Carson City is required to have an Internal Audit Function to perform specific duties as described in Section 3.075(2) of the Carson City Charter. Section 3.075(2) provides that:

The internal audit function shall:

- Investigate each office and department of Carson City to determine compliance with the accounting procedures manual,
- Recommend changes in accounting procedures which would on the opinion of the internal auditor, improve efficiency of internal controls.
- Conduct special investigations at the direction of the Audit Committee and Board into any financial matter of any office or department of Carson City.
- Perform other duties as directed by the Audit Committee and the Board

In addition as a primary focus for the fiscal year 2011/2012, the audit function will undertake performance audits to evaluate the efficiency and effectiveness of departments and/or programs under audit as recommended by the framework outlined by the Government Accounting Standards Board Concept #5 for reporting on performance.

Performance audits will focus on the examination of programs, functions, operations, management systems and procedures to determine whether an agency/department is achieving the objectives established by the Board of Supervisors and managing its resources in an effective, economical and efficient manner.

The Board of Supervisors may satisfy the requirement to appoint an Internal Auditor by entering into a contract with an independent individual or firm (**CONSULTANT**) for 12 months.

4 SCOPE OF WORK:

**REQUEST FOR STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

- 4.1 The **CONSULTANT** will provide requested auditing and administrative support services predicated on direction from the Audit Committee and approved by the Board of Supervisors. The auditing services performed will be primarily in the area of "performance audits". As such the "performance audits" with focus on the examination of programs, functions, operations, management systems and procedures to determine whether an agency/department is achieving the objectives established by the governing body of the City and managing its resources in an effective, economical and efficient manner. The "performance audits" will focus on programs and issues that are of particular interest to the governing body and the public and make recommendations to improve an agency/department's operations. The administrative support services will include performing administrative functions needed to support the mission of the Committee such as 1) working with City's strategic planner on performance measures including budgetary performance measures, 2) providing input into the City's annual financial audit, 3) evaluating the City's fiscal health, 4) establishing a process to evaluate the legal and ethical conduct of the city staff, and the City's internal controls with an emphasis on potential for fraud, waste and abuse, 5) reviewing and making recommendations about City Ordinance Chapter 2.14 for possible revisions to include identifying possible fraud, waste and abuse, expanding the skills and background of possible Committee members to include management of government organizations that includes budgetary and operational experience, and other revisions and/or clarifications as appropriate, and 6) providing clerical duties to support the Audit Committee.

The **CONSULTANT** must be able to lead the development of the Internal Audit function as one that focuses on the audit of performance as outlined in the city's strategic plan based on direction from the Audit Committee, the **CONSULTANT** will prepare and present an annual audit plan to evaluate the efficiency and effectiveness of proposed areas to be audited.

The **CONSULTANT** will provide monthly status reports, either written or oral, to the Audit Committee regarding the progress of audits being performed. In addition, at the request of the Board of Supervisors, progressive reports maybe required to be presented at regularly scheduled Board meetings.

Audit process and reports to be performed in compliance with auditing and reporting standards established by the Institute of Internal Auditors. At the conclusion of each audit, a final report will be prepared. This report will include the scope and methodology of the audit, as well as a summary of the auditor's findings, recommendations and management responses. This report will be formally presented for discussion to the Audit Committee and the Board of Supervisors.

The position for the City's Internal Audit function is not required to be a full time position; however the **CONSULTANT** must be able to devote an

**REQUEST FOR STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

average of 25 hours per week over the contract period.

Selected **CONSULTANT** will be required to submit to an extensive background investigation. Failure to pass the background will result in removal from the position.

5 S.O.Q. REQUIREMENTS

5.1 GUIDELINES FOR SUBMITTING STATEMENT OF QUALIFICATIONS:

- All questions regarding the Statement of Qualifications will be submitted in writing by mail, e-mail, or fax to Kim Belt, Purchasing and Contracts Manager 201 North Carson Street Suite 3, Carson City, NV 89701 775-283-7137/ FAX 775-887-2107 kbelt@carson.org

- The **CONSULTANT's** Statement of Qualifications will be in a single sided, 8 1/2 x 11 in. format and limited to 10 pages. The Statement of Qualifications will include the following information :

- a. Introductory cover letter
- b. Experience relevant to the type of work requested by Carson City.
- c. Key **CONSULTANT** individual or firm team resumes from the organization chart including any sub consultants.
- d. Certifications of team members such as the Certified Internal Auditor by the Institution of Internal Auditors and/or other financial related certifications.
- e. References that can be contacted by staff to confirm information presented on the S.O.Q.

- List of current rates and charges to perform the 12-month engagement and meet the objectives.

- Estimated manpower and expense matrix for the above Scope of Work. (not included in the 10 page limitation)

- A general description of how the **CONSULTANT** would approach providing the Internal Audit function to Carson City and the Audit Committee audit and what can be expected to be accomplished.

- The consultant shall submit one (1) original and four (4) copies of the Statement of Qualifications to: Kim Belt, Purchasing and Contracts Manager 201 North Carson Street Suite 3, Carson City, NV 89701 775-283-7137/ FAX 775-887-2107 kbelt@carson.org.

6 EVALUATION OF S.O.Q.:

6.1 S.O.Q. submittals will be evaluated by the City Review & Selection Committee.

6.2 The Committee may call for oral interviews. The City reserves the right to retain all S.O.Q. submittals and use any idea in an S.O.Q. regardless of whether or not said S.O.Q. is selected.

**REQUEST FOR STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

6.3 The following categories will be evaluated in the selection process:

- Qualifications of Firm to provide service
- Professional training certifications of individuals

7 RIGHT TO REJECT S.O.Q.:

7.1 Submission of S.O.Q. indicates acceptance by the Consulting Firm of the conditions contained in this S.O.Q. unless clearly and specifically noted in the S.O.Q. submitted and confirmed in the subsequent contract between Carson City and the Consulting Firm selected.

7.2 Carson City reserves the right to reject any or all S.O.Q. and to award to the **CONSULTANT** the City deems most qualified and whose award of the contract will accrue to the best interests of the City.

7.3 **Late S.O.Q. Submittals will not be accepted.** Prospective **CONSULTANTS** are held responsible that their S.O.Q. Submittals arrive at the Carson City Finance Department - Purchasing & Contracts on or before the designated time and date.

8 WITHDRAWAL OF S.O.Q.:

8.1 Requests to withdraw S.O.Q. submittals received after the time and date set for opening and acknowledging S.O.Q. submittals will not be considered.

9 CONTRACT TERMINATION:

9.1 Carson City reserves the right to terminate the contract if the Consultant does not perform as required by the terms of the contract. Reasons for termination may include, but are not limited, to the following:

9.1.A Failure to provide sufficient personnel as identified in the S.O.Q.

9.1.B Failure to provide the principal Team as submitted.

9.1.C Substitution of the Team or other identified personnel without prior approval of Carson City.

10 INSURANCE

10.1 General Liability:

**REQUEST FOR STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

10.1.A The successful **CONSULTANT** shall be required to furnish and maintain throughout the term of the proposed Agreement, such general liability and property damage insurance as shall protect him/her and any sub-consultants, agents, and employees performing work covered by the proposed Agreement from claims for, but not limited to, bodily injury, sickness, disease, death, or property damage arising or resulting from the consultants performance, or by any sub-consultant, person, firm, or employee directly or indirectly employed by him/her. The successful **CONSULTANT** shall furnish the City a certificate of said insurance, with limits no less than One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury as well as property damage and with the City added as a co-insured.

10.2 **Worker's Compensation:**

10.2.A The successful **CONSULTANT** shall purchase and maintain throughout the term of the contract such Industrial Insurance (SIIS) as will protect him from claims which may arise out of or result from the Consultant's execution of the work on this project, whether such execution be by the Consultant or by any sub-consultant, or by anyone directly or indirectly employed by any of the consultants, or by anyone for whose acts any of them may be liable.

11 OBJECTION BY UNSUCCESSFUL CONSULTANT:

11.1 Any unsuccessful Consultant may file an objection to the City regarding the selection of the City Review & Selection Committee by following the procedure outlined in Paragraph 11.2 below. Information on the results of the Committee's evaluation may be obtained on www.carson.org and will be faxed to each respondent.

11.2 Any objection shall be written and submitted to the Finance Department before the recommendation shall be scheduled to be heard by the Board of Supervisors. The objection will be placed on the next available Board of Supervisors meeting agenda.

**REQUEST FOR STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

Attachment A

Internal Auditor

Definition:

To perform a variety of highly responsible and complex administrative and analytical studies involving City operations. Auditing duties include through analysis and evaluation of the department's mission; goals and objectives; efficiency and effectiveness; recommending improvements in the City's process and internal control systems and procedures. Receives direction primarily from the Audit Committee but also the Board of Supervisors.

Class Characteristics:

This is a single position classification in which an incumbent is responsible for the City's performance audits, direct support of the board of Supervisors.

Physical Demands:

In addition to the minimum requirements and the job duties listed for this position, the following are required; Duties required sufficient mobility to work in a typical office setting and use standard office equipment, (including a computer), vision to read printed materials and a VDT (Video Display Terminal) screen and hearing and speech to communicate in person or over the telephone. Must be mobile, able to sit, stoop and climb. Some accommodations may be made for some of these physical demands for otherwise qualified individuals who require and request such accommodation.

Examples of Duties: The following is used as a partial description and is most restrictive as to duties required:

- Perform internal audits in compliance with the Standards of the Institute of Internal Auditors to determine and improve performance; which consists of efficiency, effectiveness and economy; and conformance with best management practices.
- Participate in special projects aimed at improving City Operations; conduct research and coordinate with other government agencies and City departments to formulate opinions.
- Examine departmental policies and procedures to determine compliance with applicable ordinance, regulations, and contracts.
- Audit financial documents related to revenue and receipts, fixed assets, inventory control and contract agreements to determine if proper internal controls are in place.
- Perform analysis of various City departments, programs and systems to determine effectiveness and efficiency of programs, services and activities.
- Review operational manuals and interview departmental staff to gather information regarding City policies, procedures, programs and activities.
- Prepare and present formal written audit reports; summarize audit findings and recommendations necessary to increase the operational effectiveness, efficiency and economy of City procedures and practices.
- Assistant to the audit committee
- Development of internal audit function that will be useful to the Board and justifies the use of resources for its function.
- Prepare related duties as assigned.

**REQUEST FOR STATEMENT OF QUALIFICATIONS (S.O.Q.)
CITY OF CARSON CITY INTERNAL AUDIT FUNCTION**

Minimum Qualifications:

Any combination equivalent to experience and education that could likely provide the required knowledge and abilities. Graduation from high school and a Bachelors degree from an accredited college or university with major course work in accounting or auditing or a related field and experience in conducting both performance and internal audits, preferably in a governmental agency.

License or Certificate:

Possession of or ability to obtain a valid Nevada drivers license. Certified Internal Auditor (CIA), Certified Public Accountant (CPA), Certified Fraud Examiner (CFE) and/or Certified Management Auditor are desirable.

Knowledge, Skills and Abilities:

Knowledge of:

- Audit procedures necessary to review various departments, programs and systems.
- State and City laws, rules and regulations applicable to various City departments.
- General accounting and auditing principles and their application to governmental activities
- Principals and procedures of financial record keeping and reporting.
- Modern office procedures, methods and computer equipment.
- Knowledge of GASB Concept 5 performance measurement systems framework with the ability to audit and report on performance.

Ability to:

- Analyze problems, identify alternative solutions, project consequences of propose actions and implement recommendations in support of goals.
- secure and determine facts through audit investigations, personal contract, and observations.
- Prepare concise and comprehensive efficiency recommendations and operational reports.
- Communicate clearly and concisely, both orally and in writing.
- Establish and maintain cooperative working relationships with those contacted in the course of work.

Special Conditions:

- Candidates will be required to submit to an extensive background investigation. Failure to pass the background will result in removal from the position.
- Employees must be willing to work overtime, shifts, weekends and holidays.
- This position is exempt from overtime pay and is an "at will" employee.