

**PORT OF UMPQUA
PO Box 388
364 N 4th Street
Reedsport OR 97467**

REQUEST FOR PROPOSAL – AUDITING SERVICES

March 2, 2009

Due: 5:00 PM Thursday, April 2, 2009

PORT OF UMPQUA

REQUEST FOR PROPOSAL – AUDITING SERVICES

The Port of Umpqua invites you to submit a proposal for auditing services for fiscal year, ending June 30, 2009, and two successive fiscal years through June 30, 2011, in accordance with the following requirements and specifications.

I. GENERAL INSTRUCTIONS FOR SUBMISSION OF PROPOSAL

- A. All proposals must be submitted no later than Thursday, April 2, 2009, at 5:00 PM at the following address:

Port of Umpqua
ATTN: Charmaine Vitek, Port Manager
PO Box 388
364 N 4th Street
Reedsport, Oregon 97467

The outer envelope in which proposals are tendered should be marked "Proposal for External Audit of the Port of Umpqua due April 2, 2009."

- B. One (1) copy of the sealed proposal is required, not to be opened until after the final submission date and hour noted above. These submissions shall become the property of the Port of Umpqua without obligation.
- C. The selection of the external auditor will be based upon responses received to the criteria included in Part III of this proposal.
- D. Contact Charmaine Vitek, Port Manager, PO Box 388 * 364 N 4th Street, Reedsport, Oregon 97467 * 541-271-2232 portofumpqua@charterinternet.com to answer any follow-up questions.
- E. The audit contract may start as soon after the contract document is executed as is agreeable with both parties. The written audit report shall be completed and delivered within a reasonable time. But not later than five (5) months after the close of the audit period ending June 30, 2009.
- F. Either party may cancel the written contract by giving notice, in writing, to the other party at least ninety (90) days prior to July 1 of each year.
- G. The Port of Umpqua reserves the right to reject any and all proposals, and has the right, in its sole discretion, to accept the proposal it considers most favorable to the Port's interest and the right to waive minor irregularities in procedure.

II. AUDIT OBJECTIVE AND SCOPE OF SERVICE

The audit will be for all funds and account groups for the Port of Umpqua

1. The proposal is for three (3) year, with separate audits each year. The periods to be audited are the fiscal years ending June 30, 2009, 2010 and 2011.
2. It is the intent of the Port of Umpqua to negotiate a three (3) year contract with the second and third year contingent upon the successful, timely completion of the first year of the contract. An option to extend the contract through a fourth and fifth year may also be granted upon approval of the Port of Umpqua Commission.
3. The auditing services performed by the CPA shall allow the firm to express an opinion on (a) whether the financial statements of the Port present fairly the financial position and financial results of financial operations in conformity with generally accepted accounting principals (GAAP) and (b) whether the Port has complied with laws and regulations that may have a material effect on the audited financial statements.
4. Use of Audit Reports. Ownership shall belong to the Port of Umpqua and it is expressly understood that publication of the audit report (in whole or in part) or reference for such audit report shall be at the sole discretion of the Port of Umpqua.
5. A minimum standards for audits of Oregon Municipal Corporations, adopted by the Secretary of State and approved by the State Board of Accountancy, shall govern the audit.
6. The audit examination shall be made in accordance with current applicable accounting pronouncements and generally accepted standards as set forth by the American Institute of Certified Public Accountants. The audits shall be in compliance with Government Audit Standards, issued by the Comptroller General of the United States, AICPA Statements of Auditing Standards, provisions of the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, if applicable, the AICPA Industry Audit Guide and CAAFR and industry audits standards. The auditing firm will be required to review the audit program with the Port Manager prior to the beginning of any work.

7. The audit will be used as a single document which will contain the combined financial statements, note, and as supplementary data, the Combining and Individual fund and Account Group Statements, financial statements and schedules. Included in the fee shall be the cost of typing and printing twenty (20) copies of the audit report. Final draft approval shall be authorized by the Port Commission.
8. The auditing firm is expected to provide the Port with a summary of any audit adjusting entries and a final trial balance upon completion of the field work.
9. Any unusual conditions encountered during the course of the audit where services of the auditing firm must be extended beyond the normative work anticipated will require written notification to the Port Manager who will respond in writing concerning the additional services.
10. Recommendations based upon the auditing firm's review of the adequacy of internal accounting controls and other audit investigations shall be made a part of a formal management report separate from the financial audit. Such associated costs shall be included in the audit fee. The discussion of these recommendations shall be with the Port Manager.
11. An exit conference is required of the auditing firm on completion of all field work so as to inform the Port Manager of pertinent findings.
12. On completion of the audit report a brief presentation is required of the auditing firm to the Port Board of Commissioners during a regular monthly Port meeting to report pertinent findings and comment on the overall financial health of the Port.
13. All work papers and report must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the Port of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the Port of Umpqua.

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.

14. The Port will furnish the following information and work papers in conjunction with the audit engagement:

All financial statements for all funds subject to the audit proposal. Included is a year-to-date cost analysis by object report and a monthly payroll labor distribution report which will detail all expenditures for each line item within each fund.

Bank reconciliation's for all checking accounts of the Port that are subject to this audit.

Detailed reconciling records or lists of investments, interest income, payroll, accounts payable, accounts receivable and inter-fund liabilities as of June 30 of each year.

15. Penalty for non-Completion:
A penalty of \$50.00 per day may be charged if the reports are not completed by December 1 of the year following the fiscal year being audited, unless the delays are attributable to the Port of Umpqua, or the contracting parties mutually agree to a later submission date. If December 1 falls on a Saturday or Sunday, then the following Monday becomes the due date.
16. In addition, the Port will:

Complete and balance all accounts at year end.

Provide staff assistance to the greatest extent possible.

Provide computer printouts of individual fund statements of revenues and expenditures on the non-GAAP budgetary basis (cash).

Provide assistance in the preparation of the combining and combined balance sheets, statements of revenues and expenditures and changes in fund balance.

III. EVALUATION CRITERIA

Proposals will be evaluated based on technical responses and price. In addition consideration will also be given to the following:

1. The Ability to understand the Port of Umpqua's auditing needs.
2. Availability of audit staff for assistance during the fiscal year.

The proposals will be reviewed by a subcommittee of the Port Commission comprised of one Port Commissioner, the Port Manager and a Certified Public Accountant (CPA) from the Port's accounting firm. (Neither the CPA nor the firm will submit a proposal for this request.)

In certain circumstances, the written proposals may be so similar in quality that oral interviews may be required to assist in making the final decision.

Based upon this review, a recommendation will be made to the Board of Commissioners as to award.

IV. RESPONSE FORMAT

In order to achieve a uniform review process and to obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified in this part.

1. Title Page – show the proposal subject, the name of the Proposal's firm, firm address, telephone number, name of contact person and the date.
2. Table of Contents – Include a clear identification of the material by section and by page number.
3. Letter of Transmittal – This section shall be limited to two pages. Proposers may use this section to present any information that they consider essential to their proposal. Give the names of persons who will be authorized to make representations for the proposer, their titles, addresses and telephone numbers.
4. Independence of the Proposer – the following information is required:
 - a. Describe any business, investment or family relationships with the Port, Port officials or appointed employees.
 - b. Describe any formal independence guidelines within your firm.
5. Response to Part V.

V. TECHNICAL CRITERIA AND PRICE

Your proposal should clearly respond to the following:

A. ORGANIZATION/LOCAL OFFICE TECHNICAL QUALIFICATIONS AND APPROACH.

1. State whether your audit organization is national, regional or local.
2. Indicate the number of people (by level) located within the local office that will handle the audit.
3. Provide a list of the local office's current and prior government audit clients indicating the type(s) of services performed and that number of years served for each. Be sure to include reference to any audits performed for Oregon Port Districts.
4. Indicate the local office's experience in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement with the reference to performance auditing, rate structure development, etc.

5. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs.

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

- a. Type of audit program used (tailor-make, standard government or standard commercial).
- b. Use of Statistical sampling.
- c. Use of computer audit specialists.
- d. Organization of audit team and approximate percentage of time spent on audit.
- e. Management letter (provide a sample letter).
- f. Typical assistance expected the Port District staff
- g. Tentative schedule for completing audit within specified deadlines of the RFP.
- h. Policy on rotation of personnel to be assigned to the client the first year and each year thereafter.

7. Include a sample of a recent audit report of a municipality in Oregon audited by your firm.

8. Describe your firm's expertise in auditing Federal and State grants and your approach to "Single Audits".

B. INDIVIDUAL AUDIT STAFF TECHNICAL QUALIFICATIONS

1. Describe the experience in government audits of each senior and higher level person assigned to the audit, including years on each job and their position while on the audit. Indicate the percentage of time the senior will be on site.

2. Describe the relevant educational background of each individual assigned to the audit. This should include seminars and courses attended within the past three (3) years.

3. Describe experience of assigned individuals in auditing relevant particular government organizations, programs, activities and functions.

4. Describe any specialized skills, training or background in public finance by assigned individuals. This may include participation in state or national professional organizations, speaker or instructor roles in conferences or seminars or authorship of articles and books.

C. PRICE QUOTE

Provide the firm's all inclusive maximum fee, separated by fiscal years 2009 through 2011, for which the requested work in Part II of this proposal will be done.

Also include the hourly rates for each staff employee classification, separated by fiscal years 2009 through 2011.

The audit firm will not be reimbursed for any travel, per diem, photocopying, telephone bills or other related expenses of the audit unless incurred at the specific request of the Port of Umpqua.

VI. DESCRIPTION OF THE DISTRICT AND ITS ACCOUNTING SYSTEM

The Port of Umpqua is located in Douglas County, Oregon. The administrative offices are located in Reedsport. A five-member Commission elected by the electors of the Port District governs the Port District. The Commissioners appoint the Port Manager, who is responsible for the Port District's operation and administrative activities.

The Port District is considered an Enterprise Fund. The accounts are organized on the basis of a General Fund and Reserve Funds and the Port utilized Quick Books Pro accounting program in-house. The Port has one full time employee and two part-time employees. The Port has been the recipient of federal grants in the past but is not currently. However the Port may soon be the applicant of such grants.

A prior audit report for your review will be sent upon request.