

## **REQUEST FOR QUALIFICATIONS**



### **Professional Auditing Services**

**DATE ISSUED: October 16, 2015**

**City of South Padre Island  
Office of the Finance Director  
4601 Padre Boulevard  
South Padre Island, TX 78597  
956-761-8130**

#### Disclosure Requirements:

Chapter 176 of the Texas Local Government Code mandates the public disclosure of certain information concerning persons doing business or seeking to do business with the City of South Padre Island, including affiliations and business and financial relationships such persons may have with City of South Padre Island officers.

**BY DOING BUSINESS OR BY SEEKING TO DO BUSINESS WITH THE CITY OF SOUTH PADRE ISLAND, YOU ACKNOWLEDGE THAT YOU HAVE BEEN NOTIFIED OF THE REQUIREMENTS OF CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE AND THAT YOU ARE SOLELY RESPONSIBLE FOR COMPLYING WITH THEM.**

**VENDOR NAME:** \_\_\_\_\_

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## SCHEDULE OF EVENTS

- |                     |  |
|---------------------|--|
| • October 15, 2015  | Advertisement of Release of RFQ                        |
| • October 16, 2015  | Release of RFQ to FIRMs                                |
| • October 28, 2015  | Deadline for Questions and Inquiries                   |
| • November 12, 2015 | Deadline for Submission of Statement of Qualifications |
| • November 2015     | Statement of Qualifications Evaluation/Negotiations    |
| • December 2, 2015  | Earliest date for CSPI Council approval                |

## INTRODUCTION

### Professional Auditing Services

The City of South Padre Island is requesting statements of qualifications from qualified FIRMs of certified public accountants to audit its annual financial statements for the five fiscal years ending September 30, 2016 through 2020, and to obtain other related services as described in the Scope of Work.

The purpose of the Request for Qualifications (RFQ) process is to identify the most qualified FIRM. It is intended that the selected FIRM or team accomplish and/or supply all services outlined in this Request for Qualifications. The City of South Padre Island has made no promises or representations and cannot offer, promise or guarantee that the selected FIRM will be awarded any future contracts to provide additional services to the City of South Padre Island.

**Sealed statements of qualifications will be accepted until 4:00 p.m. CST on November 12, 2015, and should be delivered to:**

City of South Padre Island  
Susan Hill, City Secretary  
4601 Padre Blvd.  
South Padre Island, TX 78597

956-761-8109 phone; 956-761-3888 fax

**If you choose to respond, one (1) unbound original and four (4) copies of the qualifications should be returned in a sealed envelope bearing the name and address of the respondent as noted above.**

To ensure a fair and objective RFQ process and evaluation, all questions and inquiries related to the Request for Qualifications shall be submitted in writing via email to: rgimenez@myspi.org. **The deadline for written questions and inquiries is October 28, 2015, 10:00 a.m. CST.** Contact with any employee or official of City of South Padre Island is prohibited without prior written consent from the Finance Director or his designee. Respondents contacting any other employee(s) or official(s) without prior written consent risk elimination of their proposal from further consideration.

The City of South Padre Island believes that the data contained in this RFQ is sufficient for the preparation of a SOQ. Requests for additional information will be considered depending on the RFQ time frame and the availability of requested information.

## DEFINITIONS, TERMS AND CONDITIONS

### Definitions

In order to simplify the language throughout this request for qualifications, the following definitions shall apply:

- **City of South Padre Island**
- **Council Members** - The elected officials of the City of South Padre Island, Texas given authority to exercise such powers and jurisdiction of all City business as conferred by the State Constitution and Laws
- **Administration** - The Finance Director of the City of South Padre Island
- **FIRM, Team, Vendor, Respondent, Proposer, Service Provider, Supplier** - Organization offering a Statement of Qualifications in response to this Request for Qualifications
- **RFQ** - Request for Qualifications
- **SOQ** - Statement of Qualifications
- **Contract** - An agreement between the City of South Padre Island and a Vendor to furnish services and/or supplies over a designated period of time during which repeated purchases are made of the commodity and/or service specified.

### **Receipt of Statement of Qualifications (SOQ)**

The submitted SOQ must be received by the Office of the City Secretary prior to the time and date specified herein. The mere fact that the SOQ was dispatched will not be considered; the FIRM must ensure that the SOQ is actually delivered and received on time.

SOQ's received after the date and time specified shall be returned unopened and will be considered void and unacceptable. The City of South Padre Island is not responsible for lateness of mail carrier, etc. Time/date stamp in the office of the City Secretary shall be official time of receipt.

Submittals cannot be altered or amended after the closing date. Alterations made before closing must be initialed by Respondent guaranteeing authenticity. Submittals may not be withdrawn after closing date.

FIRMs are required to sign a Business Associate Agreement to protect the City of South Padre Island under the HIPPA requirements.

The City of South Padre Island by statute is exempt from State Sales Tax and Federal Excise Tax.

The Respondent shall furnish any additional information as the City of South Padre Island may require.

The City of South Padre Island reserves the right to investigate the qualifications of the Respondent(s) as they deem appropriate.

This Request for Qualifications does not commit the City of South Padre Island to award a contract, to pay any cost incurred in the preparation of the SOQ, or to procure or contract for services.

### **Reservations**

The City of South Padre Island reserves the right to accept or reject any or all SOQ's as a result of this request, to negotiate with all qualified sources, or to cancel, in part or in its entirety, this Request for Qualifications if in the best interest of City of South Padre Island. All SOQ's become the property of City of South Padre Island.

The City of South Padre Island reserves the right to retain all SOQ's submitted and to use any idea in a submittal regardless of whether that FIRM or team is selected. Submission of a SOQ indicates acceptance by the FIRM of the terms and conditions contained in this request for qualifications, unless clearly and specifically noted in the SOQ submitted, and confirmed in the contract between the City of South Padre Island and the selected FIRM.

The City of South Padre Island may conduct reference checks as needed to evaluate SOQ's. The City of South Padre Island may contact those listed or other companies or individuals that can provide information to the City of South Padre Island that will assist the City of South Padre Island in evaluating the capability of responding FIRMs.

### **Reimbursements**

There is no expressed or implied obligation of the City of South Padre Island to reimburse responding FIRMs for any expenses incurred in preparing SOQ's in response to this Request for Qualification, and the City of South Padre Island will not reimburse responding FIRMs for these expenses, nor will they pay any subsequent cost associated with the provision of any additional information or presentation, or to procure a contract for these services.

### **Certification**

SOQ's must be completed and submitted as required in this document. Certification form must be fully completed. Failure to submit the certification form within the sealed SOQ will result in the SOQ being rejected as non-responsive.

By submitting a SOQ, the vendor certifies that he has fully read and understands the "Request for Qualifications" and has full knowledge of the scope, quantity, and quality of the services to be furnished and intends to adhere to the provisions described herein. Failure to do so will be at the Respondent's own risk, and he cannot secure relief on pleas of error. Neither law nor regulations make allowance for error or omission on the part of the respondents.

### **Addenda**

In the event of a needed change in the published RFQ documents, it is understood that all the foregoing terms and conditions and all performance requirements will apply to any published addendum.

All published addenda shall be signed and included with the FIRM's response package as acknowledgement of the addendum. Respondents are responsible for obtaining all published addenda from City of South Padre Island Office of the Finance Director or by downloading these documents from the City of South Padre Island website. The City of South Padre Island assumes no responsibility for the Respondent's failure to obtain and/or properly submit any addendum. Failure to acknowledge and submit any addendum may be cause for the SOQ to be rejected. The City of South Padre Island decision to accept or reject any particular SOQ due to failure to acknowledge and submit addenda shall be final.

### **Disclosure**

Except for trade secrets and confidential information which the FIRM identifies as proprietary, all SOQ's will be open for public inspection after the contract award.

### **Communication**

The City of South Padre Island shall not be responsible for any verbal communication between any employee or Official of the City of South Padre Island, and any potential FIRM. Only written and properly submitted proposals will be considered.

FIRMs will be supplied with the original RFQ documents in electronic form to aid in the preparation of SOQ(s). Respondent, by accepting these electronic documents, agrees not to edit or change the language or format of these documents. Submission of a SOQ by Respondent signifies full agreement with this requirement.

### **Contract**

Should this Request for Qualifications include a City of South Padre Island contract (agreement), a statement of willingness to utilize the City of South Padre Island contract must be provided. The FIRM should review the attached contract thoroughly. FIRMs who are not willing to sign the contract without modification need not submit.

### **HIPPA**

Should this Request for Qualifications include any need for viewing protected employee information, a Business Associate Agreement will be required. FIRMs not willing to sign the agreement without modification need not submit.

### **Negotiations**

During the evaluation process, the City of South Padre Island reserves the right, to request additional information or clarification from respondents. At the discretion of the City of South Padre Island, all FIRM(s) reasonably susceptible of being selected based on criteria set forth in the RFQ, may be requested to make oral presentations. Each SOQ must designate the person(s) who will be responsible for answering technical and contractual questions.

FIRMs will be ranked in order of preference and contract negotiations will begin with the top ranked FIRM. Should negotiations with the highest ranked FIRM fail to yield a contract, or if the FIRM is unable to execute said contract, negotiations will be formally ended, and then commence with the second highest ranked FIRM, etc.

### **Award of the Contract**

Award of the contract shall be based on demonstrated competence and qualifications, so long as the professional fees are consistent with, and not higher than the published recommended practices and fees of the various professional associations and do not exceed any maximums provided by state law.

### **If Proposal Results in a Contract, The Following Terms and Conditions Will Apply:**

Respondents should be aware that the RFQ and the contents of the successful SOQ will become a part of any subsequent contractual document that may arise from this RFQ. In case of discrepancy between the RFQ and the Respondent's proposal, the RFQ will rule.

No oral statement of any person shall modify or otherwise change, or affect the terms, conditions, or specifications stated in the resulting contract. All Change Orders to the contract will be made in writing by the City Manager of the City of South Padre Island.

All invoicing shall be submitted in duplicate to the City of South Padre Island, attention Finance Department. If invoices are subject to cash discount, discount period is to be taken from the date of completion of order or date of receipt of invoice, whichever occurs last regardless of whether or not correct discount terms appear on invoice. All invoices are to be paid in full within 30 days after satisfactory delivery of services and billing.

No public official or City employee shall enter into a contract with the City of South Padre Island that violates Local Government Code, Section 171.003.

Respondents are advised that all contracts are subject to all legal requirements provided in the City of South Padre Island Charter and/or applicable City Ordinances, State and Federal Statutes.

**This Request for Qualification includes Certification and Authorization (Exhibit A), the City of South Padre Island Business Associate Agreement (Exhibit B), and a Contract for Professional Auditing Services (Exhibit C). The FIRM should review these agreements thoroughly. FIRMs who are not willing to sign the agreements without modification need not submit.**

The City of South Padre Island operates and is funded on a fiscal year basis; accordingly, the City of South Padre Island reserves the right to terminate, without liability, any contract for which funding is not available.

As an experienced and qualified Service Provider, the FIRM agrees that the services provided reflect the professional and industry standards, procedures, and performances. The Service Provider agrees the selection and supervision of personnel, and the performance of services under the Contract, will be pursuant to the standard of performance in the profession. The Service Provider agrees that the FIRM will exercise diligence and due care and perform in a good and workmanlike manner all of the services pursuant to the Contract.

If, through any cause, the Service Provider fails to fulfill its obligations under the Contract, or if the Service Provider violates any of the agreements of the Contract, the City of South Padre Island has the right to terminate the Contract by giving the Service Provider five (5) calendar days written notice.

### **Terms of Engagement**

This contract shall become effective from the date of acceptance and approval by City of South Padre Island and it shall remain in full force and effect with FIRM fixed prices for five (5) years, subject to an annual performance review and recommendation of the City of South Padre Island's Finance Director.

### **Management**

Should there be a change in ownership or management of the FIRM the contract shall be canceled unless a mutual agreement is reached with the new owner or manager to continue the contract with its present provisions and prices. This contract is nontransferable by either party.

### **Payment Terms**

The City of South Padre Island will not accept contract terms that require pre-payment for services, supplies or equipment. Payment will be made in accordance with a negotiated fee schedule.



## **GENERAL INFORMATION**

### **Background**

The City of South Padre Island ("City") is located in Cameron County in the Rio Grande Valley, at the southern tip of Texas. The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1973, and first adopted its Home Rule Charter in November 2009.

The City's fiscal year begins October 1 and ends September 30<sup>th</sup>. The Finance Director reports directly to the City Manager, and is responsible for all accounting, financial reporting and purchasing activities of the City of South Padre Island.

The most recent copies of the City's Annual Financial Report can be found at [www.myspi.org](http://www.myspi.org)

### **SCOPE OF WORK**

It is the intent of the City of South Padre Island to award a contract to one (1) independent auditor (FIRM), based upon the FIRM's demonstrated ability to perform a quality audit.

The City of South Padre Island is requesting SOQ's from qualified FIRMs of certified public accountants to perform the annual audit of its financial statements for the five fiscal years ending September 30, 2016 through 2020 and to obtain other related services as stated herein. These audits are to be performed in strict accordance with the provisions contained in this request for proposal.

The City of South Padre Island desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with accounting principles generally accepted in the United States of America.

The auditor will not be required to audit the supporting budget and detailed schedules. However, the auditor is to provide an "in-relation-to" report in the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the introductory section or the statistical section of the City of South Padre Island annual financial 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 auditing standards generally accepted in the United States of America.

In accordance with Government Auditing Standards, a separate report will be required considering internal controls over financial reporting. In accordance with the United States Office of Management and Budget Circular A-133, a report on compliance with the requirements of major federal programs and on internal control over compliance is required.

The auditor will be required to perform a compliance audit of management controls on investments and adherence to the City of South Padre Island's established investment policy.

To meet the requirements of this request for proposal, the audit shall be performed in accordance with:

- Generally Accepted Auditing Standards, as set forth by the American Institute of Certified Public Accountants (AICPA) *Industry Audit and Accounting Guide Audits of State and Local Government Units*
- U.S. General Accounting Office's (GAO) *Government Auditing Standards* (1994, as amended)
- Provisions of the Federal Single Audit Act of 1984
- Provisions of the Federal Single Audit Act Amendments of 1996
- Provisions of the U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*
- OMB Compliance Supplement for Single Audits of State and Local Governments
- All other applicable laws, regulations and standards

The City of South Padre Island may require the FIRM to perform the following audit:

- A data audit of the City of South Padre Island's primary software system, Incode by Tyler Technologies.

The auditor will also be expected to advise the City of South Padre Island about any other matters relative to municipal finance and any related tax law including but not limited to tax-exempt and other debt instruments and financing alternatives.

## **SPECIAL PROVISIONS**

### **Comprehensive Annual Financial Report (CAFR)**

The City of South Padre Island wishes to prepare a CAFR in compliance with the requirements of the Certificate of Achievement for Excellence in Financial Reporting program ("certificate program") of the Government Finance Officers Association (GFOA) of the United States and Canada. The auditor will review the City of South Padre Island CAFR to ensure compliance with the requirements of the certificate program, including comparing the City of South Padre Island CAFR with the GFOA Preparer Checklist. The auditor will provide suggestions and recommendations that will assist the City of South Padre Island in meeting the requirements of that program.

### **Sale of Debt Securities**

The City of South Padre Island anticipates it will prepare one or more official statements in connection with the sale of debt securities that will contain the basic financial statements and the auditor's report thereon. The auditor shall be required, if requested by the City of South Padre Island, to issue a "consent and citation of expertise" as the auditor and to issue any necessary "comfort letters".

### **Working Papers**

All working papers and reports must be retained at the auditor's expense, for a minimum of three (3) years, unless the FIRM is notified in writing by the City of South Padre Island 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:

- The City of South Padre Island
- U.S. General Accounting Office
- The Texas State Comptroller's Office
- Auditors of entities of which the City of South Padre Island is a recipient or sub-recipient of grant funds
- Officials of federal or state departments that provide financial assistance to the City of South Padre Island

In addition, FIRM shall respond to reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

### **Assistance Provided by the City of South Padre Island**

The Finance Department staff and other responsible management personnel will be available during the audit to assist the FIRM by providing information, documentation and explanations. The City of South Padre Island will prepare all working trial balances, supporting schedules and working papers, and requests for confirmations as reasonably requested by auditors, on a basis consistent with the timetable outlined below. Other assistance that can be expected follows:

- Information System assistance - personnel will be available to provide systems documentation and explanation. The auditor will be provided computer time for "Inquiry Only" functions.
- Work area, photocopying and facsimile (fax) machine - the City of South Padre Island will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to photocopying facilities and fax machine(s).
- The Auditor will prepare draft financial statements, notes and all required supplementary schedules. The Finance Department will prepare draft statistical data. The auditor shall provide all recommendations, revisions and suggestions for improvement within two (2) calendar weeks of receiving the draft.
- The Finance Director and the City Manager will complete their review of the draft report as expeditiously as possible. It is not expected that this process should exceed one (1) week. During that period, the auditor should be available for any meetings and ready to discuss audit reports.
- Within five (5) working days of resolving all issues requiring discussion, the final signed auditor's reports shall be delivered to the Finance Director.

## **REPORTS, SCHEDULES AND STATEMENTS TO BE ISSUED**

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

- A report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.
- A report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with governmental auditing standards.
- A report on compliance and internal control over compliance with requirements applicable to each major federal program and internal control over compliance in accordance with OMB Circular A-133
- A report on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
- A schedule of findings and questioned cost.
- A summary schedule of prior audit findings and corrective action plan.
- Auditor's letter of recommendations to management.
- The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the related reports on compliance and internal controls are to be included in the annual financial report.

### **Additional Reporting Considerations**

- In required reports on compliance and internal control, the auditor shall report *in writing* to management and the Council Members (the governing body) any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.
- A *significant deficiency* is a control deficiency or a combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.
- A *material weakness* is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.
- Reportable conditions that are individually or cumulatively material weaknesses shall be identified as such in the report.
- The reports on compliance and internal controls shall include all instances of non-compliance.
- Deficiencies in internal control that are not considered significant deficiencies and/or material weaknesses that are detected by auditor shall be communicated to management, which shall be referred to in the reports on compliance and internal controls.

- Auditor shall be required to make an immediate, written report on all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: City Manager, Finance Director, and the Council Members
- The auditor will be required to make separate presentations to the Council Members summarizing the work performed and any relevant findings during the audit.

### **Reporting to Governing Bodies**

Auditors shall assure themselves that the City of South Padre Island's governing body is informed of each of the following:

- Auditor's responsibility under generally accepted auditing standards
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit
- Other matters required by GAAS, such as reporting of illegal acts, etc.

### **KEY DATES**

The following dates relating to the preparation of the annual financial report and the related audit are provided as a matter of information. This schedule is subject to change by the City of South Padre Island and/or amended by mutual consent of both parties.

- |                |   |
|----------------|---|
| • Oct 3, 2016  | Entrance Conference   |
| • Oct 14, 2016 | Detailed Audit Plan, including a list of all information and schedules to be prepared by City of South Padre Island |
| • Nov 14, 2016 | Entrance Conference at Commencement of Field Work   |
| • Dec 21, 2016 | Progress Conference & Field Work Completed  |
| • Feb 20, 2017 | Draft Financial Statement Submitted for Review  |
| • Mar 6, 2017  | Financial Statement Completed and Exit Conference   |
| • Mar 15, 2017 | Audit Committee Presentation  |
| • Mar 15, 2017 | City Council Presentation   |

## **FORMAT REQUIREMENT**

### **Requirements:**

The following instructions describe the form in which SOQ's must be submitted.

Responses to the following items will be used for SOQ's evaluation. SOQ's which do not contain responses to each of the required items will be considered incomplete and may be rejected by the City of South Padre Island.

SOQ documents should provide a straightforward, concise description of the vendor's capabilities to satisfy the requirements of the RFQ. Emphasis should be on clarity of content, conveyance of the information requested by the City of South Padre Island and completeness. The requirements stated do not preclude respondents from furnishing additional reports and information as deemed appropriate.

To facilitate the review of the responses, FIRMs shall follow the described proposal format:

### **TAB "A"      Qualifications and Experience**

1. Briefly introduce the FIRM, providing a summary of the administration, organization and staffing, including multiple offices, if applicable. Provide an organizational chart indicating the positions and names of the core management team which will undertake this engagement.
2. If the FIRM has multiple office locations, specify which location you propose to service our account.
3. Describe the experience of the FIRM in the last thirty six (36) months in performing services similar in size and scope. Particular emphasis will be placed on FIRMs that have performed audits for municipal governments.
4. List the FIRM's professional relationships involving those with the City of South Padre Island or any of its component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed professional auditor services.
5. Provide an affirmative statement that the FIRM is independent of the City of South Padre Island and all of the component units of the City.
6. Identify the audit manager and each individual who will work as part of this engagement. Include resumes for each person to be assigned. Include any professional designations and affiliations, certifications and licenses, etc.
7. Describe the organization of the proposed team, detailing the level of involvement, field of expertise, and estimated hours for each member of the team.
8. Describe what the City of South Padre Island staff support you anticipate for the project.
9. Provide an affirmative statement that the FIRM and all assigned key professional staff are properly licensed to practice in Texas.
10. The FIRM is 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 governmental engagements.

11. 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.

**TAB “B”      Methodology including technical approach and understanding of the scope of the project,**

1. Proposals must indicate a clear understanding of the scope of the work, including a detailed project plan for this engagement, outlining major tasks and responsibilities, time frames, and staff assigned for each category of the scope of work identified above.
2. Proposals shall identify progress reports that will be made available during the process and key decision points.
3. Proposals shall clearly distinguish the FIRM’s duties and responsibilities and those of the City of South Padre Island. Absence of the distinction shall mean the FIRM is assuming full responsibility for all tasks.

**TAB “C”      References**

Provide references for similarly successful projects from four (4) governmental agencies, including the name of the agency, contact name, telephone, fax and email address, and dates the services were provided.

**TAB “D”      Certification Page**

Provide the acknowledgement of any Addenda issued and a statement of willingness to sign the City of South Padre Island Contract and Business Associate Agreement.

**TAB “E”      Cost Proposal**

1. The cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for qualifications. The total all-inclusive maximum price is to contain all direct and indirect costs including all out-of pocket expenses for the 2016 engagement, and each of the successive years 2017 through 2020.
2. The cost proposal should include a schedule of anticipated progress payments based upon completion of specific aspects of the audit engagement.
3. The cost proposal should include a supplemental schedule of hourly rates and fees by Partner, Manager, Specialist and Staff Level should it become necessary for the City of South Padre Island to request the auditor to perform additional work as a result of the specific recommendations included in any report issued on this engagement, or to perform any additional services beyond the scope of services included in this request for qualifications.

## **EVALUATION FACTORS**

The Audit Committee for the City of South Padre Island will review all submittals to determine compliance with the requirements as specified in the RFQ. Only submittals which, in the opinion of the Audit Committee, meet the requirements of the RFQ will be further evaluated.

Submittals that pass the preliminary review will be evaluated on how well the proposal meets the needs of the City of South Padre Island as described in the FIRM's response to each requirement listed in the RFQ. The Audit Committee will review all written proposals that meet the minimum requirements and will select what it deems to be the top three proposals for further review. It is important that the responses be clear and complete so that the Audit Committee can adequately understand all aspects of the proposals.

### **Evaluation Factors**

After receipt of SOQ's, the City of South Padre Island will use the following criteria in the selection process:

- 40%    Qualifications and experience of the key personnel assigned to work with the City of South Padre Island particularly as it relates to municipalities and municipal utilities in the State of Texas.
- 35%    Methodology including technical approach and ability of the FIRM to perform the needed services, including the performance evaluation of any prior work experience with the City of South Padre Island.
- 10%    Thoroughness of the proposal in responding to the City of South Padre Island requirements listed under Scope of Work
- 10%    References related to similar engagements with other governmental entities with similar needs
- 5%    Certification of acknowledgements



**EXHIBIT A**

**CERTIFICATION, AUTHORIZATION, ACKNOWLEDGEMENT FORM**

**CERTIFICATION and AUTHORIZATION**

The undersigned affirms that they are duly authorized to execute this contract, that this SOQ has not been prepared in collusion with any other FIRM, and that the contents of the SOQ have not been communicated to any other FIRM prior to the official opening of this SOQ. Additionally, the undersigned affirms that the FIRM is willing to sign the enclosed Standard Form of Agreement (Exhibit A, if applicable).

FIRM Name (typed): \_\_\_\_\_ Federal Tax ID No. \_\_\_\_\_

Signed By (typed): \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Phone No: \_\_\_\_\_ Fax No: \_\_\_\_\_

Email: \_\_\_\_\_

Address: \_\_\_\_\_  
Street City State Zip

Remit Address: \_\_\_\_\_  
P.O. Box or Street City State Zip

**ACKNOWLEDGEMENT**

THE STATE OF \_\_\_\_\_ COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, on this day personally appeared \_\_\_\_\_, known to me to be the person and officer whose is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said \_\_\_\_\_, a corporation, and that the undersigned has executed the same as the act of such corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS \_\_\_\_\_ DAY  
OF \_\_\_\_\_ A.D., 2015

\_\_\_\_\_  
Notary Public  
In and for the State of Texas

**EXHIBIT B**  
**CITY OF SOUTH PADRE ISLAND**  
**BUSINESS ASSOCIATE AGREEMENT**

**THIS** Agreement is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 2015 between the City of South Padre Island ("ENTITY") and \_\_\_\_\_, ("BUSINESS ASSOCIATE").

WHEREAS, ENTITY is an "ENTITY" as that term is defined in Health Insurance Portability and Accountability Act Privacy Regulation, ("Privacy Regulation") will make available to BUSINESS ASSOCIATE certain information that is confidential and must be afforded special treatment and protection.

WHEREAS, BUSINESS ASSOCIATE will have access to and/or receive from ENTITY certain protected health information that can be used or disclosed only as permitted by the Health Insurance Portability and Accountability Act of 1996, and the Rules and Regulations enacted with respect thereto, as the same may be amended regarding privacy of individual identifiable health information.

1. Definitions: Terms used, but not otherwise defined, in this agreement shall have the same meaning as those terms in the Privacy Rule.
2. Specific definitions:
  - a. Business Associate shall mean \_\_\_\_\_ FIRM NAME \_\_\_\_\_
  - b. Entity shall mean the City of South Padre Island
  - c. Individual shall have the same meaning as the term "individual" in 45 CFR 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).
  - d. Privacy Rule shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.
  - e. Protected Health Information shall have the same meaning as the term "protected health information" in 45 CFR 164.501, limited to the information created or received by BUSINESS ASSOCIATE from or on behalf of ENTITY.
  - f. Required by Law shall have the same meaning as the term "required by law" in 45 CFR 164.501.
  - g. Secretary shall mean the Secretary of the Department of Health and Human Services or his designee.

**EXHIBIT C**

**CITY OF SOUTH PADRE ISLAND  
CONTRACT FOR PROFESSIONAL AUDITING SERVICES  
“SAMPLE”**

# CITY OF SOUTH PADRE ISLAND

## CONTRACT FOR PROFESSIONAL AUDITING SERVICES

(THIS AGREEMENT CONTAINS AN INDEMNIFICATION PROVISION)

This Contract, dated \_\_\_\_\_, 2016, is between the City of South Padre Island, and \_\_\_\_\_ (the "FIRM"), whereby the FIRM agrees to provide the City of South Padre Island with certain services as described herein and the City of South Padre Island agrees to pay the FIRM for those services.

### 1. Parties

The parties to this agreement are:

A. City of South Padre Island  
Home Rule municipality  
TIN: 74-1756442

Physical Address:  
4601 Padre Blvd  
South Padre Island, Texas 78597  
Phone: 956-761-8101  
Fax: 956-761-3892

Mailing Address:  
4601 Padre Blvd  
South Padre Island, Texas 78597

Authorized Representative:

William Dilibero  
City Manager  
wdilibero@myspi.org

B. FIRM: \_\_\_\_\_

TIN: \_\_\_\_\_

Physical Address:

Mailing Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Authorized Representative:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## 2. Scope of Services

In consideration of the compensation stated in Paragraph 2, the FIRM agrees to provide the City of South Padre Island with the services as described in Exhibit A, "Request for Qualifications "Professional Auditor Services" and Exhibit B, Statement of Qualifications to the City of South Padre Island by Insert FIRM's name here, which is incorporated herein by reference for all purposes, which services may be more generally described as follows:

## 3. Payment

In consideration of the FIRM's provision of the services in compliance with all terms and conditions of this Contract, the City of South Padre Island shall pay the FIRM according to the terms set forth in the Exhibit A and Exhibit B. Except in the event of a duly authorized change order, approved by the City of South Padre Island in writing, the total cost of all professional services and expenses provided under Contract may not exceed \$\_\_\_\_\_.

## 4. Time of Performance

- A. All work and services provided under this Contract must be completed as outlined in **Exhibit A and Exhibit B**.
- B. **Time is of the essence of this Contract.** The FIRM shall be prepared to provide the professional services in the most expedient and efficient manner possible in order to complete the work by the project timeline specified in **Exhibit A and Exhibit B**.

## 5. Warranty, Indemnification & Release

- A. As an experienced and qualified FIRM, the FIRM warrants that the information provided by the FIRM reflects high professional and industry standards, procedures, and performances. The FIRM warrants that the performance of all services under the Contract will be pursuant to a high standard of performance in the profession. The FIRM warrants that the FIRM will exercise diligence and due care and perform in a good and workmanlike manner all of the services pursuant to this Contract. Approval of City of South Padre Island shall not constitute, or be deemed, a release of the responsibility and liability of the FIRM, its employees, agents, or associates for the exercise of skill and diligence to promote the accuracy and competency of their services, or any document, nor shall the City of South Padre Island approval be deemed to be the assumption of responsibility by the City of South Padre Island for any defect or error in the aforesaid documents prepared by the FIRM, its employees, associates, agents, or subcontractors.
- B. The FIRM shall, at no cost to the City of South Padre Island, promptly correct any defective services or documents furnished by the FIRM. The City of South Padre Island approval, acceptance, use of, or payment for, all or any part of the FIRM's services hereunder or of the scope of work itself shall in no way alter the FIRM's obligations or the City of South Padre Island's rights hereunder.

- C. In all activities or services performed hereunder, the FIRM is an independent contractor and not an agent or employee of the City of South Padre Island. The FIRM and its employees are not the agents, servants or employees of the City of South Padre Island. As an independent contractor, the FIRM shall be responsible for the professional services and the final work product contemplated under this Contract. Except for materials furnished by the City of South Padre Island, the FIRM shall supply all materials, equipment, and labor required for the professional services to be provided under this Contract. The FIRM shall have ultimate control over the execution of the professional services. The FIRM shall have the sole obligation to employ, direct, control, supervise, manage, discharge, and compensate all of its employees or subcontractors, and the City of South Padre Island shall have no control of or supervision over the employees of the FIRM or any of the FIRM's subcontractors.
- D. The FIRM must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of its officers, employees, agents, subcontractors, licensees, and other persons as well as their personal property, while in the vicinity of the Project or any of the work being done on or for the Project. It is expressly understood and agreed that City of South Padre Island shall not be liable or responsible for the negligence of the FIRM, its officers, employees, agents, subcontractors, invitees, licensees, and other persons.
- E. FIRM shall indemnify and hold harmless City of South Padre Island, commissioners, officers, directors, trustees, employees, agents, and representatives from and against any and all claims, liabilities, losses, damages, costs, or expenses arising out of, resulting from, or occurring in connection with the work to be performed, equipment provided, or materials or equipment delivered that is:
- (1) attributable to any bodily or personal injury, sickness, disease, or death of any person;
  - (2) attributable to any damage or injury to or destruction of real or personal property including the loss of use thereof; and
  - (3) caused in whole or part by any negligence, strict liability, or other act or omission of:
    - (a) FIRM and any supplier or their respective employees, agents, representatives, and/or
    - (b) City of South Padre Island, City Council Members, officers, directors, trustees, employees, agents, and representatives or any other party for whom they may be liable regardless of whether such liability is caused in whole or part by the negligence, strict liability, or other act or omission of the parties so indemnified.
- F. This indemnification obligation shall not be limited in way by limitation on the amount or type of damages, compensation, or benefits payable under any workers' compensation act, liability benefit acts, or other employee benefit acts.

## **6. Termination**

- A. The City of South Padre Island may terminate this Contract at any time upon thirty (30) calendar days written notice. Upon the FIRM's receipt of such notice, the FIRM shall cease work immediately. The FIRM shall be compensated for the services satisfactorily performed prior to the termination date.
- B. If, through any cause, the FIRM fails to fulfill its obligations under this Contract, or if the FIRM violates any of the agreements of this Contract, the City of South Padre Island has the right to terminate this Contract by giving the FIRM five (5) calendar days written notice. The FIRM will be compensated for the services satisfactorily performed before the termination date.
- C. No term or provision of this Contract shall be construed to relieve the FIRM of liability to the City of South Padre Island for damages sustained by the City of South Padre Island because of any breach of contract by the FIRM. The City of South Padre Island may withhold payments to the FIRM for the purpose of setoff until exact amount of damages due the City of South Padre Island from the FIRM is determined and paid.

## **7. Resolution of Disputes**

- A. In the event a dispute arises, except a decision by City of South Padre Island to terminate the contract, that cannot be resolved between the parties, the parties agree to select a mediator to assist in resolving the dispute. Each party to the mediation will pay an equal share of the cost of the mediation.
- B. In the event the dispute cannot be resolved by mediation, the parties may agree to a binding or nonbinding arbitration or may choose to litigate the dispute. Each party to an arbitration proceeding will pay an equal share of the cost.

## **8. General Provisions**

- A. This Contract has been made under and shall be governed by the laws of the State of Texas. The parties agree that performance and all matters related thereto shall be in Cameron County, Texas.
- B. Notices required by this Contract shall be mailed to the address designated herein or as may be designated in writing by the parties from time to time and shall be deemed delivered when received.
- C. No waiver by either party hereto of any term or condition of this Contract shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.
- D. This Contract represents the entire and integrated agreement between the City of South Padre Island and the FIRM and supersedes all prior contracts, negotiations, representations, or agreements, either written or oral. This Contract may only be amended by written instrument approved and executed by the parties.

- E. This Contract and all rights and obligations contained herein may not be assigned by the FIRM without prior written approval of the City of South Padre Island.
- F. The FIRM, its agents, employees, and subcontractors must comply with all applicable federal and state laws, the Charter and Ordinances of the City of South Padre Island, and with all applicable rules and regulations promulgated by local, state and national boards, bureaus, and agencies. The FIRM must obtain all necessary permits and licenses required in completing the work and providing the services required by this Contract.
- G. At the request of City of South Padre Island, FIRM will provide factual information as to the existence and financial stability of FIRM.
- H. Reimbursable or other miscellaneous expenses incurred by the FIRM shall be included in the contract price; additional payment for such expenses will not be considered.
- I. Paragraph headings used in this Contract are for convenience only and are not to be considered in construing its terms.
- J. The parties acknowledge that they have read, understood, and intend to be bound by the terms and conditions of this Contract.



## INSURANCE REQUIREMENTS

The FIRM agrees to maintain the coverage's, endorsements, and limits in accordance with and set forth by Insurance Coverage & Limit Table below for the duration of this contract. The FIRM agrees to:

- Deliver to the City of South Padre Island Certificate(s) of Insurance evidencing that such policies are in full force and effect not later than 5 business days after notification of the City of South Padre Island's intent to award a contract, but in any event prior to commencement of work. If policy endorsements are necessary, satisfactory evidence of request to insurance carrier must accompany the Certificate(s) of Insurance. Failure to meet these requirements may cause the bid to be rejected.
- Submit any policy endorsements within 30 days of the City of South Padre Island's intent to award contract. No payment will be made and/or the City of South Padre Island may stop work or terminate the contract if contractor fails to supply satisfactory evidence of policy endorsements.
- Allow the City of South Padre Island the right to obtain complete, certified copies of all required insurance policies at any time.
- Clearly indicate contract name and contract number to which Certificate(s), endorsements, and policies apply.

The requirements as to types and limits, as well as the City of South Padre Island's review or acceptance of insurance coverage to be maintained by FIRM, is not intended to nor shall in any manner limit or qualify the liabilities and obligations assumed by the FIRM.

## INSURANCE COVERAGE & LIMIT TABLE

### **WORKERS' COMPENSATION INSURANCE & EMPLOYERS' LIABILITY INSURANCE:** **Statutory & \$500,000/\$500,000/\$500,000**

FIRM agrees to maintain Worker's Compensation Insurance & Employers Liability. In the event any work is sublet, the FIRM shall require the subcontractor similarly to provide the same coverage and shall himself acquire evidence of such coverage on behalf of the subcontractor. Waiver of subrogation in favor of the City of South Padre Island is required.

### **COMMERCIAL GENERAL LIABILITY INSURANCE:** **Limit of liability not less than \$1,000,000 per occurrence/\$1,000,000 aggregate coverage**

FIRM agrees to maintain a standard ISO version Commercial General Liability occurrence form, or its equivalent providing coverage for, but not limited to, Bodily Injury and Property Damage, Premises/Operations, Products/Completed Operations, Independent Contractors. Additional insured endorsement required.

**BUSINESS AUTOMOBILE LIABILITY INSURANCE:****Limit of liability not less the \$500,000 per occurrence/\$500,000 aggregate coverage**

FIRM agrees to maintain a standard ISO version Business Automobile Liability, or its equivalent, providing coverage for all owned, non-owned, and hired automobiles. Should the FIRM not own any automobiles and furnish satisfactory evidence of this, the business auto liability requirement shall be amended to allow the FIRM to agree to maintain only Hired & Non-Owned Auto Liability. This amended coverage requirement may be satisfied by way of endorsement to the Commercial General Liability, or separate Business Auto policy.

**PROFESSIONAL LIABILITY INSURANCE:****Limit of liability not less than \$1,000,000 per occurrence**

FIRM agrees to maintain Professional (Errors & Omissions) Liability to pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages by reason of any act, malpractice, error or omission of the contractor or any person employed or acting on the FIRM's behalf (including but not limited to sub-contractors). For policies written on a "claims-made" basis, FIRM agrees to maintain a retroactive date prior to or equal to the effective date of this contract and that continuous coverage will be maintained or a supplemental extended reporting period will be purchased with a minimum reporting period not less than two years after the completion of this contract. The FIRM is solely responsible for any additional premium for the supplemental extended reporting period.

**UMBRELLA or EXCESS LIABILITY**

FIRM may satisfy the minimum liability limits required for Commercial General Liability and Business Auto Liability under an Umbrella or Excess Liability policy. The annual aggregate limit shall not be less than the highest "each occurrence" limit. FIRM agrees to endorse City of South Padre Island as an additional insured, unless the Certificate states the Umbrella or Excess Liability provides coverage on a pure "True Follow Form" basis.

**FIRM'S INSURANCE TO BE PRIMARY**

FIRM's insurance shall be deemed primary with respect to any insurance or self-insurance carried by the City of South Padre Island for liability arising out of operations under the contract.

**DEDUCTIBLE, CO-INSURANCE PENALTIES & SELF-INSURED RETENTION**

FIRM shall agree to be fully and solely responsible for any cost or expenses as a result of a coverage deductible, coinsurance penalty, or self-insured retention; including any loss not covered because of the operation of such deductible, coinsurance penalty, or self-insured retention.

**RIGHT TO REVIEW AND ADJUST**

The City of South Padre Island reserves the right to review these requirements and to modify insurance coverage and their limits when deemed necessary and prudent. Furthermore, the City of South Padre Island reserves the right, but not the obligation, to review and reject any insurer providing coverage because of poor financial condition.

## **CERTIFICATE OF INSURANCE**

FIRM shall furnish the City of South Padre Island with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements. The certificate must be from a company with an A.M. Best rating of "A-I" or better and/or otherwise acceptable to the City of South Padre Island. Certificate(s) must be submitted using the ACORD form and all endorsements must be included with the submittal. The certificate(s) shall contain a provision that coverage under such policies shall not be cancelled or non-renewed until at least (30) days prior written notice, or ten (10) days notice for cancellation due to non-payment of premiums, is given the City of South Padre Island.

In the event the City of South Padre Island is notified that a required insurance coverage will cancel or non-renew during the contract period, the FIRM shall agree to furnish prior to the expiration of such insurance, new revised certificate(s) as proof that equal and like coverage is in effect. The City of South Padre Island reserves the right, but not the obligation, to withhold payment to FIRM until coverage is reinstated. If the FIRM fails to maintain the required insurance, the City of South Padre Island shall have the right, but not the obligation, to purchase the required insurance at FIRM's expense.

Certificate and notices should be provided to the City of South Padre Island at the address designated herein or as may be designated in writing by the parties from time to time and shall be deemed delivered when received.

The Parties hereby execute this Agreement as of the date first set forth by the signatures of their duly authorized representatives:

**NAME OF FIRM**

**City of South Padre Island**

**By:**\_\_\_\_\_

**By:**\_\_\_\_\_

**Name:**

**Name: William Dilibero**

**Title:**

**Title: City Manager**

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_

STATE OF TEXAS

ACKNOWLEDGEMENT

COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2015 by \_\_\_\_\_ on behalf of \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of Texas

**EXHIBIT "A"**

**Request for Qualifications  
Professional Auditing Services**

**Incorporated herein in its entirety by references as if fully set forth herein. A complete copy of this exhibit shall be maintained in its entirety in the office of the City of South Padre Island.**

(To be used when contract is formed)

**EXHIBIT “B”**

**Statement of Qualifications to City of South Padre Island**

**FIRM's Name**

**(# Pages )**

(To be used when contract is formed)