

**SECTION II**

**BURLINGTON ELECTRIC DEPARTMENT**

**INDEPENDENT AUDIT PROPOSAL**

**JANUARY, 2010**

BURLINGTON ELECTRIC DEPARTMENT  
INDEPENDENT AUDIT PROPOSAL  
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BURLINGTON ELECTRIC DEPARTMENT  
INDEPENDENT AUDIT PROPOSAL  
JANUARY, 2010

**I. Request for Proposal**

The City of Burlington Electric Department (the "Department") in Burlington, Vermont invites proposals for an audit of the financial statements of the Burlington Electric Department and the Joseph C. McNeil Generating Station for the five years ending June 30, 2010 through June 30, 2014.

**II. Accounting Systems**

General Ledger

Accounts Payable

Payroll

Customer Accounting

Purchasing

Inventory Control

Work Order

Fixed Assets

Notes:

- (1) These are all automated systems, utilizing integrated SunGardPublic Sector Software Florida.
- (2) The hardware used is IBM ISeries.

**III. Detailed Requirements**

**1. Period of Audit**

The audit shall cover the five year period from July 1, 2009 through June 30, 2010, and each subsequent fiscal year through June 30, 2014.

## **2. Scope of Audit**

An examination of the financial records of the Burlington Electric Department and the Joseph C. McNeil Generating Station in accordance with generally accepted auditing standards. The examination shall be for the purpose of expressing an opinion on the financial statements in accordance with generally accepted accounting principles.

## **3. Reports**

- A. Financial statements consisting of the auditor's opinion, Management Discussion and Analysis (MDA's) as required by GASB34, statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and notes to the financial statements for the Department no later than September 30 of each year. (50 hard copies and one electronic copy).
- B. Special purpose financial statements consisting of the auditor's opinion, statements of assets, statements of station operating expenses, owners' equity and liabilities, statements of changes in owners' equity, and notes to the financial statements for the Joseph C. McNeil Generating Station, no later than September 30 of each year. (30 hard copies and one electronic copy).
- C. A Management Letter, if considered necessary, containing specific observations and recommendations of the auditor relating to internal control, accounting practices, policies, systems, procedures and other notes for the Burlington Electric department and the Joseph C. McNeil Generating Station, no later than September 30, of each year.
- D. A Letter to the Board of Electric Commissioners explaining the auditor's and management's responsibility during the audit, audit adjustments (if any) and the working relationship between management, staff and the auditors. (15 hard copies).

## **4. Meetings**

- A. A conference with the Board of Electric Commissioners to review the financial statements of the Burlington Electric Department and Management Letter (if applicable).
- B. A conference (if requested) with the Joint Owners of the Joseph C. McNeil Generating Station to review the financial statements and management letter (if applicable).

## **5. Proposed Format:**

### **Part I – Summary**

This section should contain the name of the contact person, the address, and the telephone number of the firm submitting the proposal. It should also contain a brief summary of the scope of the work, the approach that will be utilized, and the anticipated time frame for the audit.

### **Part II – Technical Proposal**

This section should describe the proposer's approach and plans for accomplishing the audit work. Further, the proposer should describe the effort and skills necessary to complete the audits. The technical proposal should contain at least the following information:

- A brief introduction outlining the overall technical approach including materiality factors which will be used to complete the audits.
- A schedule describing how the work will be accomplished
- A discussion of computer audit techniques that will be used during the engagement.
- A summary of the problems which the auditor might reasonably expect and the approaches to those anticipated problems.

### **Part III – Cost Proposal**

This section should contain all information related to fees, out-of pocket expenses, hourly rates, etc.

- Fees and expenses should be broken down by fiscal year for both the Burlington Electric Department and the Joseph C. McNeil Generating Station.
- Out-of-pocket expenses should be detailed to include travel, rooms, meals, etc.
- An hourly rate schedule by category of personnel should be attached.

### **Part IV – Professional Experience**

This section should contain all pertinent information relating to proposer's organization, personnel, and experience that would substantiate its qualifications to perform the services requires by the RFP. It should contain at least the following information:

- Resumes of principal members of the professional staff who will be assigned to each of the audits.

- Experience of the firm over the past five years in audits of electric utilities which are state regulated (IOU's).
- Experience of the firm over the past five year in audits of municipal (public) utilities.
- Experience in auditing utilities who are the lead participant for a jointly owned generating facility.
- Evidence of specialized expertise in Federal Energy Regulatory Commission accounting.
- Evidence of specialized expertise in the rate making requirement and accounting treatment for utilities.
- Experience in GASB pronouncements.
- Experience of the IT Staff, including hardware and software platforms.

**Part V – Additional Information**

This section should contain any additional information that the proposer feels is pertinent information that has not been mentioned anywhere else in the RFP.

- A. Literature which would be provided to the Department on an ongoing basis (including frequency and # of copies)
- B. Frequency of contacts (both in person and by phone) during the “off season” of the audit.
- C. Proof of Insurance (see attached form)

**IV. Proposed Time Table**

	<u>Date</u>
Release of Formal RFP	02/09/2010
Informational Meeting	02/24/2010
Last Date to Submit Written Proposal	03/05/2010
Evaluation of Proposals	03/10/2010
Interviews with Finalists	03/12/2010
Selection of Auditors	03/17/2010
Contract review by:	03/22/2010

City Attorney's Office, Burlington Electric Commission, City Finance Board, & City Council

V. **Evaluation of Proposal**

Proposal evaluation criteria will include but are not limited to:

- Quality of the proposal
- Quality of the proposed audit methodology
- Qualifications and experience of personnel
- The general audit approach and plans to meet the requirements of the RFP
- Prior performance of the proposer on audits of similar scope and size
- Compliance with the terms, conditions, and other provisions of the RFP
- Cost of the Proposal
- Proof of insurance

VI. **Rights of the Department**

- To reject any and all proposals received in response to the RFP.
- Accept a proposal for a contract other than that with the lowest cost.
- Waive or modify any irregularities in proposals received after prior notification to the proposer.
- Consider proposals or modifications received at any time before the award is made, if such is in the best interest of the Department.
- Negotiate separately with any source whatsoever in any manner necessary to serve the best interest of the department.

A. **Amendment or Cancellation of RFP**

The Department reserves the right to amend or cancel this RFP at any time if the best interest of the Department requires such action.

B. **Proposed Modifications**

No additions or changes to any vendor's proposal will be allowed after the proposal due date unless such modification is specifically requested by the Department.

C. **RFP Events and Timing**

The timing and sequence of events from this RFP will be determined by the Department. The schedule is detailed in Section IV "Program Time Table". Vendor contacts will be notified of any amendment to this schedule during the RFP Process.

D. **Proposal Expenses**

The Department assumes no liability for payment of any incurred by any vendor in responding to the RFP.

E. **Acceptance or Rejection of Proposals**

The Department reserves the right to accept or reject any or all proposals submitted for consideration in whole or in part; and to waive technical defects, irregularities or

omissions, if in its sole judgment, the best interests of the Department will be served. The Department further reserves the right to accept a proposal for a contract other than that with the lowest cost, and to negotiate separately with any source whatsoever in any manner necessary to serve the best interest of the Department.

**F. Ownership of Proposals**

All proposals submitted in response to this RFP shall become the sole property of the Department.

**G. Oral Agreements and Arrangements**

Any alleged oral agreement or arrangement made by vendor with the Department or any Department employee will be disregarded in any department proposal evaluation or associated award.

**H. Vendor Presentation of Supporting Evidence/Surety**

Vendors must be prepared to provide any evidence of experience, performance, ability, and/or financial surety that the Department deems necessary to fully establish the performance capabilities represented in their proposals.

**I. Vendor Demonstration of Proposed Services**

Vendors may be asked to demonstrate specific proposed services of products including program components, software and hardware included in their response. Any requested demonstration will be provided at a site approved by the Department and without cost to the Department.

**J. Vendor Misrepresentation or Default**

The Department reserves the right to reject the proposal of any vendor and void any award resulting from this RFP to a vendor who materially misrepresents any product or defaults on any department contract.

**K. Erroneous Awards**

The Department reserves the right to correct inaccurate awards resulting from its clerical errors.

**L. Public Records**

Due regard will be given for the protection of proprietary information contained in all proposals received; however, vendors should be aware that all materials associated with this procurement are subject to the terms of the Vermont Access to Public Records Act (1 V.S.A. Chapter 5, Subchapter 3) and all rules, regulations and interpretations resulting from, and any other applicable rules, regulations or judicial decisions regarding access to the records of government.

It will not be sufficient for vendors to merely state generally that the proposal is proprietary in nature and not therefore subject to release to third parties. Those particular pages or sections which a vendor believes to be proprietary and of a trade secret nature must be specifically identified as such and must be separated from other sections or pages of their proposal. Convincing explanation and rationale sufficient to justify each exemption from release consistent with Section 316 of Title I of the Vermont Statutes Annotated must accompany the proposal. The rationale and explanation must be stated in terms of the prospective harm to the competitive

position of the vendor that would result if the material were to be released and the reasons why the materials are legally exempt from release pursuant to the above cited statute. Between a vendor and the Department, the final administrative authority to release or exempt any or all material so identified, rests with the Department. **All such materials should be submitted in a separate sealed envelope and marked "CONFIDENTIAL".**

**M. Offer of Gratuities**

The vendor warrants, represents, and certifies that no elected or appointed official or employee of the Department has or will benefit financially or materially from this procurement. Any Contract and/or award arising from this RFP may be terminated by the Department if it is determined that gratuities of any kind were either offered to, or received by any of the aforementioned officials or employees from the vendor, the vendor's agent or the vendor's employees.

**N. Inspection of Work Performed**

During and after the commencement of this project, the Department, and its authorized representatives, shall be allowed access to inspect all Contractor materials, documents, work papers, equipment or products, deliverables, or any such other items which pertain to the scope of work for this RFP and contract. This requirement also applies to any subcontractors who may be engaged by the vendor.

**O. Collusion**

By responding, the vendors implicitly state that the proposal is not made in conjunction with any competing vendor submitting a separate response to this RFP and that it is in all respects fair and without collusion or fraud.

**VII. Contract Provisions**

The contract to be entered into between the Department and the successful proposer shall contain negotiated provisions based on the specific requirements set forth in this RFP and the successful proposer's treatment thereof as contained in this proposal, as well as general Department contract provisions.

The final award of this contract will be subject to your firm's execution of such a contract and the contract's approval by the Department's Board of Electric Commissioners. Proposals should include an acknowledgment that the standard provisions included in Department contracts are comprehended by your firm.

**1. Termination**

The contract to be entered into between Burlington Electric Department and the successful proposer shall contain the following provisions dealing with termination. If the Contractor fails to fulfill any of the terms of the agreement on time, the Department shall have the right to terminate the said agreement indefinitely and award a new contract to another Proposer and the Contractor shall be responsible for damages and for additional costs incurred in reletting the contract.

## **2. Disclaimer**

The Burlington Electric department is not liable for any costs incurred by proposers in the preparation of proposals or for any work performed prior to the approval of an executed contract.

## **3. Notification of Selection**

After the proposal has been elected, all proposers will be notified of the name of the successful bidder.

Upon selection, the Department and the successful proposer will negotiate a contract. The selected proposal in whole or in part as well as content from this RFP may be incorporated into and made part of the final contract. Should negotiations fail to result in agreement within two weeks from the commencement of negotiations, the Department reserves the right to take other action consistent with the best interest of the department.

By issuing this RFP the Department is not obligated to award a contract.

## **4. Exemption of Records**

In submitting a proposal, the Contractor agrees that the Department or its duly appointed and authorized representatives have access to and the right to examine pertinent books, documents, papers, and records of the Contractor as related to any contract resulting from the RFP until six years after final payment has been made. Further, such provision must be incorporated into any agreements with subcontractors by the prime Contractor.

## **5. Accounting System**

The Contractor shall maintain an accounting system for purposes of audit and examination of any books, documents, papers and records maintained in support of the contract.

## **6. Time and Manner of Payment**

Progress payments will be made on the basis of work completed during the course of the audit. Interim billings shall cover a work period of not less than thirty days. Ten percent of each billing will be withheld pending delivery of the audited financial statements, management letters, and other required reports.

## **7. Delivery of Proposals**

To be considered, 10 bound copies, one loose copy, and a copy submitted electronically must be submitted by 12: 00 p.m. on March 5, 2010 to:

Claire J Shepard, Chief Accountant  
City Hall, Room 20, 149 Church Street  
Burlington, Vermont 05401

The electronic copy should be sent via e-mail to [cshepard@ci.burlington.vt.us](mailto:cshepard@ci.burlington.vt.us). The City of Burlington reserves the right to reject any or all proposals submitted.

In addition three (3) copies of the bid, pertaining only to the Burlington Electric portion, should be submitted as follows:

Burlington Electric Department  
Attention: Daryl Santerre, Chief Financial Officer  
585 Pine Street  
Burlington, Vermont 05404

## **8. Livable Wage**

Bidders are advised that certain City contractors are required to comply with the City of Burlington's livable wage ordinance. The livable wage ordinance is applicable to service contracts with the City of Burlington where the amount of the contract or contracts with the same person or entity exceeds \$15,000 for any twelve-month period. As of March 1, 2009, the livable wage for employees who receive health care benefits is \$14.21 per hour. The livable wage for employees who do not receive health care benefits is \$15.83 per hour.

An employee of a covered contractor must be paid the livable wage during the period of time he or she expends on furnishing services funded by the City. Covered employers must agree to the payment of the livable wage as a condition of entering into a covered service contract with the City. A covered employer who violates the livable wage ordinance may be barred from receiving a contract or grant from the City for a period of up to 2 years and may be subject to other civil enforcement remedies. A copy of the livable wage ordinance is available upon request.

## **9. Non-Discrimination**

1. The Proposer shall not discriminate against any qualified employee or applicant for employment because of race, color, national origin, ancestry, age, sex, sexual orientation, religion, and place of birth, or against a qualified individual with a disability. Proposer agrees to comply with all applicable Federal and State statutes, rules and regulations prohibiting discrimination in employment including, but not limited to: Title VII of the Civil Rights Acts of 1964; the Age Discrimination in Employment Act of 1973; the Americans With Disabilities Act; Title 21, Subchapter 6 of the Vermont Statutes Annotated, Fair Employment Practices; and all other applicable administrative orders and executive orders. Proposer shall be responsible for preparing all periodic reports related to these purposes and required by law or regulation.

2. If a complaint or claim alleging violating by Proposer of such statutes, rules or regulations is presented to the Vermont Attorney General's Office, the Vermont Human Rights Commission, the Equal Employment Opportunity Commission or any other agency with jurisdiction, proposer agrees to cooperate fully in the investigation and disposition of such complaint or claim.
3. The Proposer shall indemnify, defend and save the Department and its authorized agents, officers, representatives and employees harmless from and against any and all actions, penalties, liabilities, claims, demands, damages or losses, including reasonable attorneys' fees resulting from any claims asserting any form of discrimination or harassment as defined by state and/or federal law and by City Policy based on acts by the Proposer, its agents, officers, representatives, employees or contractors.

#### **10. Indemnification**

The Proposer agrees, to the fullest extent permitted by the law, that it shall indemnify and hold harmless the Department, its officers, agents and employees from liability for damages to third parties, together with costs, including attorney's fees, incurred in defending such claims by third parties, to the extent such liability is caused by the negligent or intentional acts, errors, or omissions of the Proposer, its agents or employees, committed in the performance of professional services to be provided by the Proposer under this Agreement.

The Department is responsible for its own actions. The Proposer is not obligated to indemnify the Department or its officers, agents and employees for any liability of the Department, its officers, agents and employees attributable to its, or their own, negligent acts, errors or omissions.

In the event the Department, its officers, agents or employees are notified of claims asserted against it or them to which this Indemnification clause may apply, Department or its officers, agents and employees shall immediately thereafter notify the Proposer in writing that a claim to which the Indemnification Agreement may apply has been filed.

#### **11. BED Rights**

BED reserves the right to accept or reject any or all proposals received in response to this RFP or to take other action consistent with the best interest of BED. BED reserves the right to negotiate separately with any source to serve the best interest of BED.

EXCEPTIONS TO THIS RFP SHALL BE BY WRITTEN NOTIFICATION ON THE AWARDED PURCHASE ORDER (PO) IN ORDER TO BE BINDING. ALL SUBMITTED BIDS BECOME THE PROPERTY OF THE BURLINGTON ELECTRIC DEPARTMENT.

AFTER THE AWARDING OF THE CONTRACT TO THE SUCCESSFUL  
BIDDER, ALL BIDS ARE OPEN FOR PUBLIC VIEWING.

