SECTION I

City of Burlington, Vermont
Office of Clerk and Treasurer

REQUEST FOR PROPOSALS FOR
Citywide Independent Audit

Fiscal Year ending June 30, 2010 through
Fiscal Year ending June 30, 2014
(Five fiscal years)

Contact: Claire Shepard, Chief Accountant
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* This proposal presents the opportunity for qualified firms to bid on the audit of the financial statements of both the City, and the Electric Department/McNeil Generating Station at the same time. However, separate proposals for work on either portion of the audit will also be accepted and considered.

I. INTRODUCTION

Burlington
The City of Burlington, as a center for business, commerce, culture, education and health, it is one of the more complex municipalities in the State.

The City is governed primarily by its City Charter. The City's Charter provides an elected City Council, consisting of 14 members, and an elected mayor who serves as chief executive officer. Reporting to the mayor is the Chief Administrative Officer who serves as the chief fiscal officer of the City, and other City officers and Department Heads. The Burlington School District does not report to the Mayor, but it is a City department and is included in the annual financial audits. For a current organizational chart of the City see the following web address:

http://www.ci.burlington.vt.us/annual_report/fy2008/fy08_1_city_government.pdf

Background
In past years, there had been separate audits of the City, Burlington Electric Department and the Joseph C. McNeil Generating Station. The performance of the auditors, Sullivan, Powers and Company CPA's for the City portion, and KPMG LLP, for the Burlington Electric and Joseph C. McNeil Station, has been satisfactory. Those firms may participate in, and are encouraged to participate in this bid process. The City is seeking bids because the current audit contracts have expired.

Scope of Audit
This proposal presents the opportunity for qualified firms to bid on the audit of the financial statements of both the City, and the Electric Department/McNeil Generating Station at the same time. However, separate proposals for work on either portion of the audit will also be accepted and considered.

If separate proposals are accepted, the selected Contractors shall combine the audited financial statements of the City and the Burlington Electric Department to provide one City financial report.

The audit contracts awarded to the selected Contractors shall cover annual examinations of the financial statements of all the entities and areas listed in this RFP for Fiscal Year ending June 30, 2010 through Fiscal Year ending June 30, 2014 (five fiscal years).

The selected Contractor(s) shall provide a fair presentation of the City's financial statements, including the City's Comprehensive Annual Financial Report (CAFR), Single Audit, as well as a fair presentation of the financial statements of all City departments, individual funds, and component units. See "Annual Financial Audits" section of this RFP for a complete list.

The selected Contractor(s) shall coordinate the planning and development of testing methods, review these methods with the Chief Administrative Officer and a Board of

Finance's Audit Committee; and, if deemed necessary by the City, with the Federal cognizant agency.

The selected Contractor(s) shall assist the City in responding to inquiries from the Federal agencies on any issues related to the audits for which they are responsible.

The selected Contractor(s) shall perform the procedures necessary with the objective of expressing an opinion on the financial statements and ensure that the reporting entities may use the Contractor's opinion on the general purpose financial statements in connection with any official statements for public debt issuance.

Any significant non-audit services should always be approved in advance by the Board of Finance Audit Committee. The Audit Committee will explore the possibility of alternate service providers before making a decision to engage their independent auditors to perform significant non-audit services.

Auditing Standards

Audits shall be conducted in accordance with Generally Accepted Auditing Standards ("GAAS") and requirements as promulgated by the American Institute of Certified Public Accountants ("AICPA") and the Government Accounting Standards Board ("GASB"); and the standards contained in *Government Auditing Standards* issued by the General Accounting Office; the Comptroller General of the United States, the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations,* and related pronouncements, relating to Federal assistance programs listed in the City's Schedule of Expenditures of Federal Awards.

The statements for the Electric Department should also be prepared in accordance with Federal Energy Regulatory Commission accounting.

Intent of RFP

It is the intent of this RFP to identify the most responsive and qualified independent auditor(s). Auditors responding to this RFP are not guaranteed a contract. Furthermore, there is no guarantee of a minimum amount of work or compensation for any of the Respondents selected for contract negotiations.

This Request for Proposal (RFP) is an invitation by the City of Burlington for qualified firms of certified public accountants to submit a proposal for services as a competitive bid. Submittal of a proposal does not create any right in or expectation to a contract with the City of Burlington. The City of Burlington reserves the right to reject any or all proposals and to negotiate with one or more bidders to further modify the proposals. The City will not incur a financial obligation for any costs incurred by any company in preparing their proposals.

RFP Questions and Communications
Pre-proposal conference attendance is recommended for firms interested in being considered. See Sections XI and XII of this RFP, respectively: "Lines Of Communication" and "Pre-Proposal/Advance Questions" for more information.

Non-Discrimination
All auditing firms interested in responding to this RFP will be afforded an opportunity to submit statements of qualifications in response to this request and will not be discriminated against on the basis of political or religious affiliation, race, color, national origin, age, sex, sexual orientation, gender expression, veteran status or disability in receiving consideration for any award of any contract entered into pursuant to this Request.

II. TIMELINES AND SCHEDULES

It is anticipated that the selection of a firm will be completed in March 2010, with action slated by the Board of Finance at that time. Following the notification of the selected firm, it is expected that a contract will be executed between both parties by March 22, 2010.

RFP Timeline *

RFP Issued by the City	02-09-2010
Deadline for advance RFP questions (noon EST)	02-19-2010
Pre-proposal conference (1:00 PM EST)	02-24-2010
Answers to RFP questions available online	02-26-2010
Proposals due (noon EST)	03-05-2010
Interviews with Respondents selected for further consideration	03-12-2010
Selection of Finalists	03-17-2010
Audit Committee Approval Process	03-19-2010
Submit Proposed Contract to City Council	03-22-2010
Award Announcement	03-23-2010
Contract Commences	03-29-2010

* Each date subject to change. Check website for latest schedule.

Responders = Proposers	**Contractors = Selected Vendors**

Timeline for Audit
Contractors selected must be available to commence work by March 29, 2010. The time period for submission of the deliverables outlined will be from the date of contract through agreed date of completion. However, the consultant's finished product must be submitted no later than agreed upon in the final contract.

The following are approximate key dates in connection with the annual audits to be performed under this RFP. Actual dates will be set each year by the city in the master audit plan.

	Annually
Audit plan to be presented to the CAO and Audit Committee	April 20
Interim work to be completed *(May 15 for BED)*	July 15
Final field work to begin *(Early August for BED)*	August 30
Financial statements for various reporting entities to be finalized	September 30
CAFR to be completed and submitted for reproduction	November 19
Final Management Letter *(October 15 for BED)*	December 31
Single Audit Compliance Report to be issued	December 31

III. ANNUAL FINANCIAL AUDITS

In compliance with City Charter Section §156 and Vermont Government Code Sections 24 V.S.A. §§1683, 1684, the City is required to have annual audits performed by independent public accounting firms for all city departments and areas (see Governmental Fund List below), and each of the following audit reports generated:

1. Comprehensive Annual Financial Report (CAFR)
2. Single Audit (CAFR Level)
3. Additional Detailed Reports (as listed below)

Comprehensive Annual Financial Report

The City issues a Comprehensive Annual Financial Report ("CAFR"). The CAFR is prepared according to the financial reporting requirements of the Governmental; Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis ("MD&A") – for State and Local Governments ("GASB 34"). This report is divided into three sections:

1. The *Introductory Section* includes information about the organizational structure of the City, the City's economy, major initiatives, status of City services, and cash management.

2. The *Financial Section* is prepared in accordance with GASB 34 requirements, including MD&A, the Basic Financial Statements including notes and the Required Supplementary Information. The Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present the financial information of each of the City's major funds, as well as non-major governmental fiduciary and other funds. Also included in this section is the Independent Auditors' Report on the Basic Financial Statements.

3. The Statistical Section includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that are of

interest to potential investors in our bonds and to other readers. The data includes ten-year revenue and expenditure information on an inflation-adjusted basis.

Examinations shall include all those entities which are required to be included in the City's financial statements in accordance with Governmental Accounting Standards Board Section 2100 "defining the reporting entity".

Other general and background information may be obtained by reviewing the 2008 CAFR available on line at:
http://www.ci.burlington.vt.us/annual_report/fy2008/fy08_5_financial_report.pdf

Single Audit

The federal award examinations required for the Single Audit are described below. In fiscal year 2008, the City had six (6) major programs with expenditure in excess of the $467 thousand threshold with 153 Catalog of Federal Domestic Assistance ("CFDA") numbers.

Title I	Airport Improvement Grant
Title IIA	CDBG
IDEA B	Federal Transit

Additional Detailed Reports and Other Considerations

A. A City audit report which consists of Basic Financial Statements including Government-Wide Financial Statements, Notes to the Financial Statements, and Supplementary Information consisting of combining schedules no later then December 31, of each year,

B. An Independent Auditor's Report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, no later than December 31, of each year.

C. A report on compliance and internal control over compliance applicable to each major Federal program by March 31 of each year.

D. The financial statements of the Burlington Community Development Corporation (BCDC) are included as a component unit of the financial statements of the City of Burlington, due by December 31, each year. The auditor shall also prepare the Federal 990 tax return for BCDC.

E. The Schedule of Explanations of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls are not to be included in the comprehensive annual financial report, but are to be issued separately by March 31 of each year.

F. A separate audit report for the City of Burlington, Vermont, Department of Public Works, Water Resources Division is required to be prepared by December 31 each year.

G. A separate audit report for the City of Burlington, Airport Department is required to be prepared by December 31 each year.

H. A separate audit report for the City of Burlington, Burlington Telecom is required to be prepared by December 31 each year.

I. A separate audit report for the City of Burlington, Burlington School District is required to be prepared by December 31 each year.

J. A Management letter in which the auditor shall communicate to management any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements by March 31 of each year.

K. Auditor(s) shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the City's Chief Administrative Officer and the Board of Finance's Audit Committee.

L. Verification of debt service coverage specified by Revenue Bond covenants is required by December 31 each year.

M. A conference with the Board of Finance and/or City Council to review the financial statements of the City and Management Letter (if applicable).

GOVERNMENTAL FUNDS (expenses)

General Fund:	**Special Revenue Funds:**
Public Works Department (net of reimbursements from other funds)	Burlington School District (BSD) Local Education Fund
Police Department	BSD Other Funds:
Fire Department	Employee Retirement System for BSD
Parks & Recreation Department	Employee Benefits for BSD
Office of Code Enforcement	Community Economic Development Office
Fletcher Free Library	Traffic and Parking Services Fund
Burlington City Arts	Church Street Marketplace Department
Cemetery	Housing Trust Fund
General Government Programs:	Downtown Projects
Emergency Management Department	Stormwater
Burl Community Development Corp	
Local Bus Service (CCTA)	**Enterprise Funds**:
General Administrative Departments:	DPW – Burlington Water Enterprise Fund
City Assessors Office	DPW–Wastewater Treatment Fund

City Attorney Office	Burlington Telecom
Mayor's Office	Burlington International Airport
Office of the Clerk & Treasurer	Burlington Electric Department
Planning and Zoning Department	
Human Resources	**Other Funds:**
All Other General Fund Expenses	Employee Retirement Expenses
Operating Transfer to other Funds	Capital Projects
Capital Improvements	
Employee Benefits (city-wide except Schools)	
Public Buildings	

For fiscal year ending June 30 2008, the City's General Fund expenses totaled $47.7 million; Special Revenue Funds totaled $12.6 million; Enterprise Funds totaled $34.2 million; Employee Retirement Expenses totaled $10.0 million and Capital Projects totaled $4.1 million.

Government-wide Statement of Activities

	Governmental Activities (2008)	Business-Type Activities (2008)	Total 2008
REVENUES			
Program revenues			
Charges for services	$17,196,083	$76,323,117	$93,519,200
Operating Grants and Contributions	53,039,312	145,587	53,184,899
Capital Grants and Contributions	2,161,602	6,374,448	8,536,050
General revenues			
Property Taxes	$24,870,758	0	$24,870,758
Rooms and Meals Taxes	2,199,949	0	2,199,949
Local Sales Option Tax	2,158,372	0	2,158,372
Payments in lieu of Taxes	1,681,879	0	1,681,879
Franchise Fees	1,938,684	0	1,938,684
Impact Fees	198,144	0	198,144
Interest & Penalties on Delinquent Taxes	311,708	0	311,708
Addition to Permanent Funds	56,641	0	56,641
Unrestricted Investment Earnings	635,693	1,698,032	2,333,725
Other Revenues	0	212,795	212,795
TOTAL REVENUES	$106,448,825	$84,753,979	$191,202,804
EXPENSES			
Government Activities			
General Government	$ 7,731,527	0	$ 7,731,527
Public Safety	20,262,074	0	20,262,074
Public Works	11,375,602	0	11,375,602
Community Development	4,104,701	0	4,104,701
Culture and Recreation	9,247,568	0	9,247,568
Education	53,322,002	0	53,322,002
Interest on long-term debt	1,796,364	0	1,796,364
Capital Outlay	0	0	0
Business Type Activities			
Electric Utility	0	50,048,203	50,048,203
Airport	0	15,071,525	15,071,525
Water	0	4,573,814	4,573,814
Wastewater	0	5,100,231	5,100,231
Telecom	0	7,848,863	7,848,863
School Enterprise	0	2,021,573	2,021,573
Total Expenses	$107,839,838	$85,024,209	$192,864,047
Changes in net assets before transfers	(1,391,013)	(270,230)	(1,661,243)
Transfers	2,630,420	(2,618,968)	11,452
Change in net assets	1,239,407	(2,889,198)	(1,649,791)
Net Assets – Beginning of Year	128,585,454	125,985,029	254,570,483
Net Assets – End of Year	**$129,824,861**	**$123,095,831**	**$252,920,692**

IV. AUDITOR'S RESPONSIBIILTIES UNDER VERMONT STATE STATUTES

The Contractor(s) must have the report available ten days before the annual meeting.

The Contractors must examine and correct the accounts of all city and city school officers, as well as the accounts of all other persons who are authorized to draw money from the city treasurer, including elected and appointed officials who submit bills for expenses to the town for payment on a monthly or annual basis. It is the Contractor's job to detail their findings in their report.

The City report should provide a detailed financial statement for each department of the City and the City School District for the preceding fiscal year, as well as a statement of the assets, receipts, and disbursements of all trust funds in which the town has an interest, and statements regarding the bonded and indebtedness of the City and the outstanding notes or orders of the City and City School District. 24 V.S.A. §§1683, 1684

V. MANAGEMENT DISCUSSION & ANALYSIS

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments has clearly mandated that MD&A accompany, and precede rather than follow, the separately issued basic financial statements of any financial reporting entity or component unit.

Furthermore, the selected Contractor(s) will present MD&A in conjunction with departmental reports, individual fund reports, and similar reports. Their content is to be closely modeled on the requirements for MD&A set forth in GASB Statement No. 34, paragraph 11, and tailored to the reporting unit's specific circumstances.

Although the MD&A is unaudited, the independent auditor(s) should apply the same "in-relation-to" coverage to MD&A as to other supplementary info in the financial section.

VI. MANAGEMENT LETTERS

In conjunction with the annual financial audits, the selected Contractors will provide a management letter for each reporting entity in order to present any material weaknesses in the accounting system. These are the things that the Contractor considers important enough to be addressed and corrected. Other reportable conditions that are not deemed to be material are also to be listed and categorized in the management letter.

An interim management letter shall be issued by August 15 of each year. This letter shall list any material weaknesses noted by the Contractors as a result of their preliminary interim work, and shall state if any of these weaknesses, in the opinion of the Contractor,

will result in either a qualification of the opinion or a failure to meet established reporting deadlines.

A final management letter shall be prepared upon completion of the audit and issuance of the audit report but not later than December 31 (or other date as set by the City) of each year and shall set forth the following:

- the findings and recommendations for improvements resulting from a survey of systems of internal control conducted as part of the examination;
- the findings and recommendations for improvements in the accounting system that were noted during the conduct of the examination;
- the findings for non-compliance with laws, rules, regulations and charter requirements coming to the attention of the Contractor during the course of the examination;
- any other material items coming to the attention of the auditor in the course of the examination which the auditor feels should be brought to the attention of management and the City Council Board of Finance Audit Committee;
- a summary listing of all non-material items which were communicated to management;
- a listing of the status of all management letter comments from prior letters both resolved and unresolved; and
- management's response to the findings and recommendations noted in the letter.

VII. NOTES AND DISCLOSURES

After the financials, the Contractor(s) will provide the notes and disclosures that provide the detail behind the numbers.

VIII. AS NEEDED ACCOUNTING AND AUDIT-RELATED SERVICES

Additional as-needed accounting and audit-related services may be necessary from time to time from the selected auditors. The effective hourly rate will automatically be the rates used for other as-needed accounting and auditing services, unless special expertise is required for which a separate fee will be negotiated.

Examples of as-needed accounting and auditing services are:

- to perform concessionaire audits for various City departments in accordance with agreements between the City and third parties;
- to perform audits of community-based organizations which receive funding from the City under various grants.

IX. CITY SUPPORT AND ASSISTANCE

The City assumes that financial statements and notes will be developed by the City. The Contractors may then be asked to produce the final published financial statements. Any cost for this assumption should be built into your Cost Proposal.

In its sole and absolute discretion, the City will make appropriate staff available to provide assistance to the Contractor(s). Such assistance may include coordinating the audit field work, indentifying locations of required records and documentation, preparing and/or obtaining listings of account balances/transactions, providing reasonable detailed analysis and reconciliation of various accounts being audited and other such tasks which will serve to speed the conduct of services.

The Clerk and Treasurers Office expects that the Contractors will use the City's online financial system to the fullest extent possible to research transactions and analyze account balances in conjunction with their audits.

The City will arrange for office space, equipment and access to the City's online financial system, as determined and approved by the City.

X. ACCOUNTING SYSTEMS

The City's accounting/financial reporting software, Sunguard Pentamation, is operated on a Vertual Server under a Windows operating system. It is the source of accounting data for all City Departments with the exception of the School Department and the Burlington Electric Department. The School Department utilizes NCS-Pearson School Systems Software on an IBM I520 series platform. The Burlington Electric Department utilizes integrated SunGard Public Sector Software; and IBM ISeries hardware.

The following is a detailed summary of the accounting systems and support software used by the City:

System / Software	Clerk/ Treasurer	Police/ Fire	DPW	Parks	CEDO	Airport	Telecom	Schools	Burlingto Electric/Mc
PENTAMATION	X	X	X	X	X	X	X		
HARRIS									
AMANDA	X		X						
PARADOX			X						
NEMRC	X								
EXCEL	X	X	X	X	X	X	X		X
ADP PAYROLL	X	X	X						
REC TRACK	X			X					
PAYDATA – VISTA PAYROLL					X				
FLEET MANAGER			X						
T2 PARKING TICKET SYSTEM		X							
PEARSON SCHOOL SYSTEM								X	
SUNGARD PUBLIC SECTOR									X

The primary accounting functions of the City are:

General Ledger	Accounts Payable	Payroll
Fixed Assets	Inventory Control	Grant Administration

Billing and Collection – major revenue systems include:

Property tax (Real, Personal, & Pilot)
Water/Wastewater utility & Stormwater
Gross Receipts (rooms & meals)
Parking ticket billing
Church Street Marketplace common area fees
Building & Code Enforcement permits, fees and fines
Telecom billing for services
Airport lease, landing fees, and concessions
Parking Garage Contracts

XI. LINES OF COMMUNICATION

Audit Committee Responsibilities

The City Charter §155 provides for the Board of Finance to act as a Board of Audit. Hence, the City Council Board of Finance is directly responsible for the appointment, compensation, retention, and oversight of the work of any independent accountants engaged for the purpose of performing independent audit services and preparing or issuing an independent audit report. All accountants thus engaged report directly to the Board of Finance.

It is the responsibility of the Board of Finance:

- to maintain and be the point of contact and provide a direct and separate line of communication between City Council and the independent auditors;
- to meet with independent auditor to review audited financial statement and auditor's report on such matters as the quality and depth of management and compliance;
- to recommend appropriate action to be taken by the City Officials to implement recommendations contained in the audit report;
- to follow-up, as necessary, to ensure that approved recommendations are promptly implemented; and
- to perform other duties as assigned by City Council.

The Board of Finance will review the recommendation of the Chief Administrative Officer's Evaluation Team for the selection of the Contractor(s).

The awarded Contractor(s) will coordinate his/her efforts with various city departments through the Chief Administrative Officer.

Upon completion of the annual audits, the Contractor(s) provide the CAFR directly to the the CAO and then the Board of Finance. In addition, the management letters are presented to the CAO and this Board of Finance for review.

XII. PRE-PROPOSAL CONFERENCE / ADVANCE QUESTIONS

Auditors interested in responding to this RFP are specifically directed NOT to contact any employees or officials of the City other than those specifically designated in this RFP and its Attachments. Unauthorized contact may be cause for rejection of proposals at the City's sole and absolute discretion.

Pre-proposal conference
Pre-proposal conference attendance is recommended for firms interested in responding to this RFP.

At the pre-proposal conference, the City will provide an overview of submission requirements and answer advance questions received about the RFP.

The pre-proposal conference will be at 1:00pm EST on February 24, 2010 at Burlington Electric, 585 Pine Street, Burlington, VT 05401.

If a representative from your firm cannot attend in person, you may participate via conference call at this time. Please contact Claire J. Shepard, Chief Accountant, at (802) 864-8449 if you plan to attend or would like to participate in this conference call.

Upon conclusion of the pre-proposal conference, no questions or requests for interpretation will be accepted with the exception of City vendor compliance questions.

Advance Questions
If you would like to ensure your questions about this RFP are addressed at the pre-proposal conference, e-mail your questions to cshepard@ci.burlington.vt.us. before noon EST on Friday February 19, 2010.

A summary of the substantive information, advance and pre-proposal questions and answers pertaining to this RFP will be posted on the City's Clerk and Treasurer website at http://www.ci.burlington.vt.us/notices/rfp/ under "Requests for Proposals".

XIII. PROPOSAL SUBMISSION REQUIREMENTS

Time and Place for Submission of Proposals
Proposals and all related materials must be received by 12:00 pm EST on March 5, 2010. Proposals may be hand delivered to the Clerk & Treasurer Office at City Hall or to:

Claire Shepard, Chief Accountant
City of Burlington
City Hall
149 Church Street
Burlington, VT 05401

e-mail: cshepard@ci.burlington.vt.us

Proposal Package
The following items must be included in your proposal and packaged in a box clearly marked **RFP for Citywide Audit (and/or) Burlington Electric Department Audit.**

Complete, but concise proposals, are recommended for ease of review by the Evaluation Team. Proposals should provide a straightforward, concise description of the respondent's capabilities to satisfy the requirements of the RFP. Marketing and sales type information should be excluded. All parts, pages, figures, and tables should be numbered and clearly labeled.

Interested Respondents should submit two separate proposals under separate cover within the previously described and labeled box.

The first proposal is the Technical Requirements Proposal ("TRP") and should provide the respondent's proposed services pursuant to this RFP.

The second proposal is the Cost Proposal ("CP") and should set forth the respondent's proposed compensation for the study.

Each Respondent interested in conducting the independent audit of the Burlington Electric Department ("BED"), should show BED as a separate section of its Technical Requirements Proposal and Cost Proposal.

A. Original printed Technical Proposal under separate seal (with original signatures) labeled as "Original Technical Proposal".

RFP Attachment I	Acknowledgement of RFP terms and Conditions
RFP Attachment II	City's Administrative Requirements
RFP Attachment III	City's Agreement Terms and Conditions
RFP Attachment IV	Proposal Template

B. Include in the Technical Proposal Package, one CD-ROM containing entire contents of Technical Proposal, including all Attachments. The CD-ROM and electronic files on the CD-ROM must be labeled with the Respondent's name. All files should be submitted in unprotected PDF or Microsoft Word.

C. **Ten (10) complete printed copies of RFP Attachment IV (Proposal Template), including any sample reports**. Respondents to this RFP are advised to review Attachments I through III before beginning work on RFP Attachment III to ensure they can meet the City's requirements.

D. Original printed Cost Proposal under separate seal (with original signatures) labeled as "Original Cost Proposal".

E. Include in the Cost Proposal Package, one (1) CD-ROM containing entire contents of Cost Proposal. The CD-ROM and electronic files on the CD-ROM must be labeled with the Respondent's name. All files should be submitted in unprotected PDF or Microsoft Word.

F. An electronic copy of the city wide and Burlington Electric Department technical and cost proposals should be sent via e-mail to: cshepard@ci.burlington.vt.us.

G. The BED technical and cost proposals should also be sent by hard copy, CD, and email to Daryl Santerre at BED.

Burlington Electric Department
Attention: Daryl Santerre, Chief Financial Officer
585 Pine Street
Burlington, VT 05401

email: DSanterre@burlingtonelectric.com

XIV. THE TECHNICAL REQUIREMENTS PROPOSAL

Part 1 - Respondent's Contact Information
This section should contain the name of the contact person, the address, and the telephone number of the auditing 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 2 - Professional Experience
Each Respondent to this RFP should demonstrate its capabilities by providing accurate, descriptive summaries of representative engagements ("Prior Engagement Descriptions") as part of *the RFP Attachment IV.*

This section should contain all pertinent information relating to Respondent'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.

- An affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in Vermont.

- The Respondent should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be

performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis or part-time basis.

- The Respondent should 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 government engagements.

- The Respondent should list the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposal, indicating the date and scope of work performed.

- Evidence of specialized expertise in the rate making requirement and accounting treatment for utilities, including telephone, cable and internet providers.

- Experience in GASB pronouncements, especially experience with GASB 34.

- Experience of the IT Staff, including hardware and software platforms.

Part 3 – Proposed Approach and Plans
This section should describe the Respondent's approach and plans for accomplishing the audit work. Further, the Respondent 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 4 – Additional Information
This section should contain any additional information that the Respondent feels is pertinent information that has not been mentioned anywhere else in the RFP.

A. Frequency of contacts (both in person and by phone) during the "off season" of the audit.

B. Bulletins, webinars, and other material from the industry at no charge or discounted.

C. Proof of Insurance (see attached form)

XV. 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 the major City funds as follows:

General Fund	Water Fund
Traffic Fund	Wastewater Fund
School Funds	Stormwater Fund
Capital Funds	Airport Fund
Church Street Marketplace	Telecom Fund
Downtown District Fund	Housing Trust Fund
Community & Economic Dev Fund	Pension Trust Fund
Burl Community Development Corp	

- Out-of-pocket expenses should be detailed to include travel, rooms, meals, etc.
- An hourly rate schedule by category of personnel should be attached.

XVI. EVALUATION CRITERIA

The audit procurement process is structured so that the principal factor is the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case will price be allowed to serve as the sole criterion for the selection of an independent auditor.

This section describes the guidelines used for analyzing and evaluating the proposals. It is the City's intent to select Respondents for contract negotiations that will provide the best overall service package to the City inclusive of fee considerations. Respondents selected for contract negotiations are not guaranteed a contract. This RFP does not in any way limit the City's right to solicit contracts for similar or identical services, if, in the City's sole and absolute discretion, it determines the proposals are inadequate to satisfy its needs. As in all professional service contracts, the City reserves the right to accept other than the lowest offer and reject all proposals that are not responsive to this request.

Evaluation Team

City representatives will serve as the Evaluation Team. Specifically, the Evaluation Team will be responsible for the evaluation and rating of the proposals, for conducting reference checks, and for interviews, according to the schedule outlined on the RFP cover page. Selection recommendations will be made to the City Council Board of Finance Audit Committee. This Audit Committee will review the recommendations and make final decisions.

The City of Burlington reserves the right, where it may serve its best interest, to request additional information or clarifications from those making proposals, or to allow corrections of errors or omissions. At the discretion of the Audit Committee, firms

submitting proposals may be requested to make oral presentations as part of the evaluation process.

Selection Time Frame
It is anticipated the selection of a firm will be completed by March 19, 2010, with action slated by the Board of Finance at that time. Following the notification of the selected firm it is expected that a contract will be executed between both parties by March 22, 2010.

Minimum Qualifications
Any proposal that does not demonstrate that the Respondent meets these minimum qualifications by the proposal deadline will be considered non-responsive and will not be evaluated or eligible for award of any subsequent contract(s).

A. Completion of Requirements and Submittal of Forms Described in RFP Attachments I, II, III, and IV, in advance of, or as part of the Technical Proposal Package.

B. Experience: To verify its Experience Minimum Qualifications, the Respondent has submitted at least two Prior Engagement Descriptions as part of its Technical Proposal Package. Specific Experience Minimum Qualifications are stated for the Citywide audit and the Burlington Electric Department audit. The Prior Engagement Descriptions in RFP Attachment IV, Section B will be used to verify the Respondent's comparability of experience and to determine whether the Respondent meets specific Experience Minimum Qualifications, and therefore whether it's Proposal Package will be forwarded to the Evaluation Team for evaluation.

Proposal Evaluation Criteria (Total 100 points)
Proposals will be evaluated in accordance with information provided by the Respondent in RFP Attachment IV and the criteria below. The City reserves the right to evaluate additional criteria it deems appropriate, whether or not such factors have been stated in this section.

A. Firm Qualifications - 30 points
1) Respondent's Firm History and Structure
2) Respondent's demonstrated experience with and understanding of Government and Industry Standards and Requirements, including for audit services:
   - GASB Codification of Governmental Accounting and Financial Reporting Standards;
   - AICPA Audit Guide
   - Audit requirements of OMB Circular A-133; and
   - GFOA Certificate of Achievement program.

3) Respondent's specific background and experience in providing services City is requesting, including experience in auditing large local governmental units, particularly in Vermont
4) Respondent's depth and breadth of experience with local government clients
5) Respondent's familiarity with large automated accounting systems similar to the City's financial accounting and management information systems (Pentamation, Amanda, AssessPro, NEMRC, GIS,Kronos, and RecTrac) and related subsystems such as its purchasing and inventory control system (ATA Fleet Manager).
6) Respondent's total staff size and composition
7) Relevance of Respondent's prior engagement descriptions to services City is requesting

B. Proposed Engagement Staff - 30 points
1) Firm's experience, capacity and local office staff size and resources
2) Commitment of the Respondent to provide continuity of qualified staff through completion of services and to staff services with local resources
3) Staffing Structure (Proposed Staff Organization Chart)
4) Staff Qualifications

C. Approach and Cost – 30 points
1) Work plan, including possibility of the need to coordinate with another selected auditor if citywide and BED audits are awarded separately.
2) Timeline
3) Direction and review of work
4) Client involvement or level of effort
5) Competitive differences
6) Reasonableness and clarity of Cost Estimate

D. Completeness and Applicability of Proposal Submission – 10 points
1) Conformance with and applicability of information to RFP requirements
2) Clarity of organization and exposition
3) Overall quality of presentation including completeness and accuracy of information

Respondent Interviews
Interviews will consist of standard questions asked of selected Responders to this RFP, and specific questions regarding individual proposals. Interviews will be worth 100 points. Points awarded for interviews will be separate from the points awarded during the Proposal Evaluation process. The lead staff members that will be assigned to the engagement should be present for the interview.

XVII. PROTEST PROCEDURES

Objections to RFP Terms

See RFP Attachment I for RFP Terms and Conditions. Should a Respondent object on any ground to any provision or legal requirement set forth in this RFP, the Respondent must, not more than ten (1) calendar days after the RFP is issued, provide written notice to the Office Of Chief Administrative Officer setting forth specifically the grounds for the objection. The failure of a Respondent to object in the manner set forth in this paragraph shall constitute a complete and irrevocable waiver of any such objection.

Protest of Non-Responsiveness Determination
Within five (5) working days of the City's issuance of a notice of non-responsiveness, any Respondent that has submitted a proposal and believes the City has incorrectly determined that its proposal is non-responsive may submit a written notice of protest by mail or e-mail (fax is not acceptable). Such notice of protest must be received by the City on or before the fifth (5^{th}) working day following the City's issuance of the notice of non-responsiveness. The notice of protest must include a written statement specifying in detail each and every one of the grounds asserted for the protest. The protest must be signed by an individual authorized to represent the Respondent, and must cite the law, rule, local ordinance, procedure or RFP provision on which the protest is based.

In addition, the protestor must specify facts and evidence sufficient for the City to determine the validity of the protest.

Protest of Contract Award
Within five (5) working days of the City's issuance of a notice of intent to award a contract under this RFP, any Respondent that has submitted a responsive proposal and believes that the City has incorrectly selected another Respondent for award may submit a written notice of protest by mail or e-mail (fax is not acceptable). Such notice of protest must be received by the City on or before the fifth (5^{th}) working day after the City's issuance of the notice of intent to award a contract.

The notice of protest must include a written statement specifying in detail each and every one of the grounds for the protest. The protest must include a written statement specifying in detail each and every one of the grounds asserted for the protest. The protest must be signed by an individual authorized to represent the Respondent, and must cite the law, rule, local ordinance, procedure or RFP provision on which the protest is based. In addition, the protestor must specify facts and evidence sufficient for the City to determine the validity of the protest.

Delivery of Protests
All protests must be received by the due date. If the protest is mailed, the protestor bears the risk of non-delivery within the deadlines specified herein. Protests should be transmitted by a means that will objectively establish the date the City received the protest. Protests or notice of protests made orally (e.g., by telephone/) or by fax will not be considered. Protests must be delivered or e-mailed to:

Claire Shepard, Chief Accountant

City of Burlington
City Hall
149 Church Street
Burlington, VT 05401

e-mail: cshepard@ci.burlington.vt.us

XVIII. RIGHTS OF THE CITY OF BURLINGTON

A. Amendment of Cancellation of RFP
The City reserves the right to amend or cancel this RFP at any time if the best interest of the City 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 City.

C. RFP Events and Timing
The timing and sequence of events from this RFP will be determined by the City. The schedule is detailed in Section II "Timelines and Schedules". Vendor contacts will be notified of any amendment to this schedule during the RFP Process.

D. Proposal Expenses
The City assumes no liability for payment of any incurred by any vendor in responding to the RFP.

E. Acceptance or Rejection of Proposals
The City 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 City will be served. The City 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 City.

F. Ownership of Proposals
All proposals submitted in response to this RFP shall become the sole property of the City.

G. Oral Agreements and Arrangements
Any alleged oral agreement or arrangement made by vendor with the City or any City 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 City 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 City and without cost to the City.

J. Vendor Misrepresentation or Default
The City 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 City contract.

K. Erroneous Awards
The City 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 City, the final administrative authority to release or exempt any or all material so identified, rests with the City. **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 City has or will benefit financially or materially from this procurement. Any Contract and/or award arising from this RFP may be terminated by the City 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 City, 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.

XIX. CONTRACT PROVISIONS

The contract to be entered into between the City and the successful Respondent shall contain negotiated provisions based on the specific requirements set forth in this RFP and the successful Respondent's treatment thereof as contained in this proposal, as well as general City 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 Burlington City Council. Proposals should include an acknowledgment that the standard provisions included in City contracts are comprehended by your firm.

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

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

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

Upon selection, the City and the successful Respondent 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 City reserves the right to take other action consistent with the best interest of the department.

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

Exemption of Records

In submitting a proposal, the Contractor agrees that the City 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.

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.

Time and Manner or 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.

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.

Non-Discrimination
The Respondent 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. Respondent 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. Respondent shall be responsible for preparing all periodic reports related to these purposes and required by law or regulation.

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.

The Respondent shall indemnify, defend and save the City 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 Respondent, its agents, officers, representatives, employees or contractors.

Indemnification
The Respondent agrees, to the fullest extent permitted by the law, that it shall indemnify and hold harmless the City, 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 Respondent, its agents or employees, committed in the performance of professional services to be provided by the Respondent under this Agreement.

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

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

City of Burlington Rights
The City 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 City. The City reserves the right to negotiate separately with any source to serve the best interest of the City.

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