

***CITY OF SOCORRO, TEXAS  
REQUEST FOR QUALIFICATIONS FOR  
INTERNAL AUDIT SERVICES***

**I. INTRODUCTION**

The City of Socorro, Texas ("City") is soliciting proposals for providing internal audit services to the City in accordance with the specifications provided herein. The selected firm will provide services as an independent contractor to perform the internal audit services as described in the Scope of Services section of this document. All responses must address the requirements, terms, and conditions as set forth in this Request for Qualifications. It is the City's intent to retain the successful firm through September 2010 with an option to renew the contract for an additional year.

The City of Socorro, Texas is a Home Rule City operating with a City Manager form of government as set forth in the City's Charter adopted in 2001.

**II. SCOPE OF SERVICES**

The successful respondent to this Request for Qualifications shall provide internal audit services as deemed necessary by the City Manager of the City of Socorro during the contract period to include, but not limited to the following:

- Audit designated internal processes or procedures as requested by the City Manager. Test the reliability and integrity of financial and operating information systems used to identify measure, classify, and report such information.
- Test compliance with applicable laws and regulations of Federal, State and Local grants and contracts. The audit will include examination of transactions per the appropriate audit guide requirements in order to ascertain whether specific programs are being properly administered and whether transactions fall within the guidelines; test the City's internal control over compliance with requirements that could have a direct and material effect on the programs, and report on the internal control and compliance with the applicable roles and regulations.
- Perform an audit of internal cash handling procedures. Test processes for recording and tracking receivables and payables and make recommendations for improvement. Test and audit building permit process and procedures. Test and audit City's payroll system for compliance with federal and state reporting requirements.
- The internal audit services will be conducted in compliance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; provisions

of the Single Audit Act of 1984 as amended; the U.S. Office of Management and Budget ("OMB") Circular A-133; OMB Circular A-110; State of Texas Single Audit Circular; Audits of States and Local Governments GASB 34 edition; and any other pertinent federal and/or state grantor publications.

#### **Internal Audit Report and Documentation:**

The audit firm shall provide a report on findings and recommendations to the City Manager and City Council. The audit firm will retain working papers, audit programs, and other documents prepared or obtained during the course of the audit for a minimum of seven years, or for a longer period where conditions of exceptions exist.

### **III. CITY INFORMATION RELEVANT TO AUDIT SERVICES**

Fiscal year ends September 30. Fiscal Year 2009-2010 expenditures were budgeted at \$11,729,000.00. The City employs approximately 81 full-time employees. The City received an unqualified opinion for the 2007/2008 fiscal year and also prepares the Comprehensive Annual Financial Report on an annual basis. The FY 2008/2009 audit is expected to be completed by March of 2009. The City provides services to a population of over 28,000.

As part of its annual external audit, the independent audit firm issues the report on compliance with requirements described in OMB Circular A-133 Compliance Supplement and the State of Texas Single Audit Circular that are applicable to each of its major federal and state programs and internal control over compliance in accordance with OMB Circular A-133. Strickler & Prieto, LLP, P.C. has served as the City's external auditor from 2005 through 2008.

### **IV. QUALIFICATIONS OF AUDIT FIRM**

The proposing audit firms shall submit a statement of its qualifications with its proposal. The statement shall include the following:

- State whether the proposer is a national, regional or local accounting firm. Indicate whether it is licensed to practice public accounting in the state of Texas. State the names of persons authorized to make firm representations and bind the firm. State the location of the office(s) from which the work is to be performed.
- Provide a statement concerning the independence of the firm, including direct and indirect financial interest and the relationship of the proposed audit team to employees of the City and any of the members of the City Council.
- State whether the firm or any member of the audit team has been the object of any disciplinary action of the Texas State Board of Public Accountancy and/or licensing boards of other states during the past three years.

- List Texas cities that the firm audits or has audited including the number of years the firm has provided audit services to those entities, and the names and telephone numbers of contact persons.
- Describe the firm's capabilities for and commitment to providing management services in the field of municipal government. Identify any capabilities that are unique in this field. Discuss the firm's policy on access to the audit partner by management of the City for informal financial management conversations during the fiscal year at no cost.
- Identify the level of effort and professional qualifications of the partners, other key personnel and the engagement team who would be assigned to each segment of the audit. Identify if any person to be assigned is from an office other than the local office. Provide resumes for each. Prior supervisory audit experience in municipal government should be highlighted.
- Provide the names and qualifications of outside specialists and consultants that assist the firm's staff members.
- Provide documentation for the past three years on the continuing education acquired by all who will be involved in the audit. Government auditing standards require that auditors responsible for planning, directing conducting, or reporting on government audits should complete, every two years, at least 80 hours of continuing education and training which contributes to the auditor's professional proficiency. At least 20 hours should be completed in anyone year of the two-year period. Individuals responsible for planning, directing, conducting substantial portions of the audit work should complete at least 24 hours of the 80 hours of continuing education and training in subjects directly related to the government environment and to government auditing. If the audited entity operates in a specific or unique environment auditors should receive training that is related to that environment.
- Describe and provide documentation where applicable on the firm's internal quality control system.
- Describe and provide documents where applicable on the firm's participation in, results of, its external quality control review program. State whether the firm has received an unqualified report. Include the name of the external quality control review organization of which the firm is a member and the length of membership.
- Identify your approach to EDP auditing. Would software packages used by your firm be available for City use? If yes, describe the contractual arrangements.

- Provide a brief discussion of the firm's basic approach to the audits and the auditor-client relationship, including the flexibility to provide report formats to meet client needs. Please describe how you would handle the introduction of your working team to the auditee and also what kind of contact you would have with the auditee at the close of an audit
- Affirm compliance with applicable Affirmative Action and Equal Employment Opportunity regulations.
- Provide an executive summary, not to exceed two pages, indicating why the firm should be selected.

## V. SELECTION CRITERIA

The City will select the "best qualified" firm of Certified Public Accountants. The firm selected shall have performed audits of municipal governments. Where two or more firms are considered equally well qualified, selection will be done via the drawing of lots at a regular City Council Meeting of the Socorro City Council. The evaluation criteria will include assessments of the following factors:

- Experience of the firm and the engagement team in performing financial and compliance audits for municipal governments. Proposers should list cities in which they have had recent engagements, including briefly the scope of examination in each case.
- Qualifications of personnel to be assigned as engagement partner, manager, and other members of the audit team. Where specific assignments cannot be made, proposers should include qualifications of partners and employees who could be assigned. Involvement of key audit team personnel in the audits at the City will be an important consideration.
- Knowledge of governmental audits and grants given to cities. Proposers should document how they acquired or plan to acquire knowledge needed to be able to attest to conformity with the auditing and reporting requirements.
- Knowledge of the reporting requirements as well as the basic concepts and conventions underlying local government accounting and financial reporting principles. Proposers should document how they have acquired the knowledge and expertise to apply the concepts and conventions of fund accounting as they relate to the City.
- Knowledge of computerized accounting systems and their successful history of engagements of evaluating such systems.
- Fees: the City seeks proposals that include fully loaded hourly rates. The City will not pay for incidental charges such as, but not limited to; copying, travel, recording, postage and telephone charges.

**VI. TIME FRAME FOR COMPLETION OF AUDIT AND SUBMISSION OF REPORTS**

The City Manager has primary responsibility for audit coordination. The City will assist the successful audit firm in locating departments, offices and records. Although the City will provide a reasonable amount of technical support, it will not assist in the performance of the audit or otherwise provide personnel.

The City Manager and the successful proposer shall meet and agree, in writing, on the timeframe(s) for completing services described under Section II of this RFQ.

**VII. TIME FRAME FOR RESPONSE TO REQUEST FOR QUALIFICATIONS**

If your firm desires to submit a proposal, please submit it in a sealed envelope clearly labeled "Internal Audit Services BID" to:

*Gina Rodriguez / City Clerk  
124 S. Horizon Blvd.  
Socorro, Texas 79927*

Deadline for submission of proposals is **Friday, December 11, 2009 at 12 p.m. noon (local time)**. Proposals received after the deadline will not be considered under any circumstances. *All bids will be opened December 15, 2009 at 3 p.m. at City Hall Chambers located at 860 Rio Vista Rd., Socorro, Texas 79927.* If you desire any additional information or clarification, please contact **Lorenza Fraire, Interim City Manager at 915-858-2915 or via email at [citymanager@socorrotexas.org](mailto:citymanager@socorrotexas.org)**

It should be understood that the City of Socorro reserves the right to accept or reject any proposal submitted and to request additional information. Furthermore, the professional accounting firm selected will be the firm which, in the opinion of city personnel and the City Council best meets the needs of the City.

**City of Socorro, Texas**  
**124 S. Horizon Blvd.**  
**Socorro, Texas 79927**

City Manager:

The undersigned, a public accounting firm, licensed in the State of Texas proposes to perform internal audit service for the City of Socorro, Texas in accordance with the specifications contained in the Request for Qualifications. This proposal shall be for a term not to exceed the period from the approval of the contract by the Socorro City Council through September 30, 2010.

The undersigned audit firm proposes to perform the services for the sums shown below:

Level of Service (partner, senior, etc.)	Percentage of Time	Hourly Rate
<b>TOTAL Rate for Internal Auditing Services</b>		

We understand no payments in excess of the proposed hourly rates will be authorized unless the scope of the work is changed by the City of Socorro, Texas and approved by the City Council. We further understand that no out-of-pocket expenditures will be reimbursed by the City of Socorro.

Attached is this firm's statement of qualifications.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_

RESPONDENT: \_\_\_\_\_

BY: \_\_\_\_\_

Title: \_\_\_\_\_

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