CITY OF PITTSBURGH
Pittsburgh Water & Sewer Authority
Pittsburgh Parking Authority
Urban Redevelopment Authority

REQUEST FOR PROPOSAL
PROFESSIONAL AUDITING SERVICES

Department of Finance
1st Floor, City-County Building
Pittsburgh, PA 15219

October 9, 2013

City of Pittsburgh
Request for Proposal
Professional Audit Services
October 2013

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I. INTRODUCTION

A. Definitions.

Entity – The City of Pittsburgh and its authorities: the Pittsburgh Water & Sewer Authority, the Public Parking Authority of Pittsburgh and the Urban Redevelopment Authority of Pittsburgh

City – The City of Pittsburgh

PWSA – The Pittsburgh Water & Sewer Authority

PPAP – The Public Parking Authority of Pittsburgh

URA – The Urban Redevelopment Authority of Pittsburgh

RFP – Request for Proposals

Additional definitions are included within the body of this RFP.

B. General Information. The Entity is requesting proposals from qualified certified public accounting firms to audit their financial statements for the fiscal years ending December 31, 2013, 2014 and 2015, with the option, at the Entity's discretion, of auditing their financial statements for each of the two (2) subsequent fiscal years (2016, 2017).

The performance of these audits must be in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants for financial audits in the General Accounting Office's (GAO) Government Auditing Standards (2011), the provisions of the federal Single Audit Act of 1984, the provision of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments and Non-Profit Organizations and the provisions of the Municipal Authorities Act of 1945.

To be considered, one original and six (6) copies of a proposal must be received by 4:00 p.m. on October 28, 2013. Please direct proposals to:

Anthony J. Pokora, Assistant Director
Department of Finance
First Floor City-County Building
414 Grant Street
Pittsburgh, PA 15219

Proposals submitted will be reviewed by a nine (9) member evaluation committee (the "Evaluation Committee") consisting of the:

- Assistant Director, Department of Finance
- Finance Director, Pittsburgh Water & Sewer Authority
- Finance Director, Pittsburgh Parking Authority
- Finance Director, Urban Redevelopment Authority
- Assistant Finance Director, Urban Redevelopment Authority
- Chief Accounting Officer, Controller's Office
- Executive Director, Pittsburgh Water & Sewer Authority
- Executive Director, Pittsburgh Parking Authority
- Fiscal Supervisor, Department of Finance

The Entity reserves the right to reject any or all proposals submitted. There is no expressed or implied obligation for the Entity to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

During the evaluation process, the Entity reserves the right, where it may serve their best interest, to request additional information or clarification from proposers, or to allow corrections of error or omissions. At the discretion of the Evaluation Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

It is anticipated that the selection of a firm will be completed in November 2013. Following the notification of the selected firm, it is expected that separate contracts will be executed between the consultant and each of the individual units of the Entity in early 2014.

C. Term of Engagement. A three-year contract is contemplated with the option for the Entity to add a 4th and/or 5th year. In addition, the engagement is reliant on the satisfactory negotiation of terms (including a price acceptable to both the Entity and the selected firm), the concurrence of the City Council, the City Solicitor, the Authority Boards and the annual availability of appropriations, as applicable. Critical to the Entity's evaluation of candidates is the ability of the proposing firm to adequately staff the engagement and to do so within the time constraints mandated by the City's Home Rule Charter, Article 4, Section 404D.

D. Subcontracting. Minority Business Enterprise (MBE) and/or Women Business Enterprise (WBE) participation is requested in this contract. Such participation may be

demonstrated by utilization of MBE/WBE firms through the use of subcontracts with such firms in support services, supplies, etc.

Proposals shall include a plan on how and to what extent the MBE/WBE participation will be utilized. A copy of a current MBE/WBE certification letter for the submitting firm or the subcontractor must be submitted with the proposal. PENNDOT, the County of Allegheny, the City of Pittsburgh and the Commonwealth of Pennsylvania Department of General Services are recognized governmental certifications. Certifications by the Port Authority of Allegheny County and regional minority purchasing councils must be accompanied by one of the above-mentioned governmental entities.

The Entity's goals for the MBE and/or WBE utilization are 25% and 10%, respectively. The manager of the MBE/WBE program for the City of Pittsburgh will review each proposal in cooperation with the Minority and Women's Business Enterprise Review Committee and may authorize waivers of the requirement in cases where these conditions cannot be met.

Proposed subcontracting firms must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the Entity.

II. NATURE OF SERVICES REQUIRED

A. General. The Entity is soliciting the services of qualified certified public accounting firms to audit the City's financial statements and the financial statements of the PWSA, the PPAP and the URA, for three years beginning with the fiscal year ending December 31, 2013. For accounting/auditing purposes as further set forth in Section III(F) of this RFP, the PWSA, PPAP and the URA are considered to be component units of the City of Pittsburgh. The Entity reserves the option, at its discretion, to have the selected firm (the "Auditor") audit the financial statements for each of the two (2) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposal.

B. Scope of Audit Work to be Performed.

Financial Statement Audit

The Entity desires the Auditor to conduct an audit of its financial statements and the financial statements of the PWSA, the PPAP and the URA, and required supplementary information as defined by Governmental Accounting Standards Board (GASB) No. 34 "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments" for the purpose of expressing an opinion on the presentation of

those financial statements and related supplements in conformity with generally accepted accounting principals.

Single Audit \ OMB Circular A-133
The Auditor shall also be responsible for performing audit procedures in accordance with the provisions of OMB Circular A-133 with respect to any individual unit of the Entity's major federal programs.

Bond Indentures
The Auditor shall also be responsible for expressing an opinion on the fair presentation of the financial statements of bond indentures, including the PWSA and PPAP Rate Covenants and the URA Mortgage Revenue Bond Program.

C. Auditing Standards to Be Followed. 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 for financial audits in the U.S. General Accounting Office's (GAO) Government Auditing Standards (2011), the provisions of the federal Single Audit Act of 1984 as amended, the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments and Non-Profit Organizations and the provisions of the Municipal Authorities Act of 1945.

D. Reports to be Issued. Following the completion of the audit of the fiscal year's financial statements, the Auditor shall issue:

An opinion on the basic financial statements and supplemental information for the City, the PWSA, the PPAP and the URA.

Reports on compliance and internal control of financial statements based on an audit of financial statements performed in accordance with Government Auditing Standards.

An opinion on the schedule of expenditures of federal awards in relation to the each individual unit's financial statements.

A report on compliance with requirements applicable to major programs and internal control over compliance in accordance with the U.S. Office of Management and Budget (OMB) Circular A-133.

A report on compliance with the requirements of bond indentures, including an opinion on the PWSA's and the PPAP's compliance with their Rate Covenants.

A report on the Annual Report of Municipal Authorities Form DCED-CLGS-04.

A report on Summary Financial Information derived from the financial statements to be published in accordance with the Municipality Authorities Act of 1945, as amended.

Schedule of Findings and Questioned Costs.

In the required reports on internal controls, the Auditor shall communicate in a letter 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.

Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

The supplementary schedule of expenditures of federal awards-related auditor's report, as well as the reports on the internal controls and compliance, are not to be included in the comprehensive annual financial report, but are to be issued separately.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report to the Director of Finance for the City, the Executive Director and the Board for the PWSA and URA, and to the Audit Committee for the PPAP, of all irregularities and illegal acts or indications of illegal acts of which they become aware.

Audit Reporting. Auditors shall assure themselves that each respective unit of the Entity is informed of each of the following:

The 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.

E. Special Considerations. The City of Pittsburgh will send its comprehensive annual financial report (CAFR) to the Government Finance Officers Association (GFOA) of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. The PWSA also participates in this program. It is anticipated that the Auditor will work with each individual unit of the Entity to meet the requirements of that program.

The Entity requires assistance with the implementation of GASB Statement No. 67, Financial Reporting for Pension Plans and GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The Entity will also require assistance with the implementation of any other GASB Statements issued throughout the duration of the audit contract.

The PWSA has received pass through ARRA funds as part of its Pennvest Loan financing program. The PWSA may require the auditor's assistance to remain compliant with the reporting requirements related to receipt of these funds.

The authority audits must be completed and reports rendered in final form within 4 months following the year end (April 30) or as required by the City for their timely issuance of the CAFR. A draft of the financial statements for the authorities (not including MD&A) and all proposed journal entries must be provided no later than 3.5 months following the year end (April 15).

Currently, the City's 2012 Comprehensive Annual Financial Report, management letter and Single Audit are available upon request.

F. Other Deliverables. In addition to the annual audit of the Entity and reports described above, the City also requires the audit of and opinion on the City's three pension plans: The Municipal Pension Plan, The Policemen's Relief and Pension Plan and The Firemen's Relief and Pension Plan.

The Entity also requires assistance with all portions of the CAFR report preparation. The Entity may require assistance to remain compliant with any provisions of the Governmental Accounting Standards Board (GASB) that the Entity has already adopted. The documents would be the property of the individual unit of the Entity and electronic copies would be made available upon completion of the annual engagement.

If any unit of the Entity prepares one or more official statement in connection with the sale of debt securities that contain the financial statements and the auditor's report, the auditor shall be required, if requested by the Entity, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters".

G. Working Paper Retention and Access to Working Papers. All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years, or any limits required by governmental agencies, unless the firm is notified in writing by the Entity 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:

U.S. General Accounting Office (GAO)
Parties designated by the federal or state governments or by the Entity as part of an audit quality review process
Auditors of agencies of which the Entity is a sub-recipient of grant funds

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

III. DESCRIPTION OF THE GOVERNMENT

A. Contact Persons. The auditor's principal contact with the City will be the Director of Finance, Scott Kunka. His designated representative, who will coordinate the assistance to be provided by the City of Pittsburgh to the auditor, is Anthony J. Pokora, Assistant Director. An organizational chart (Appendix A) and a list of key personnel for each unit, with the location of their principal offices (Appendix B) are attached.

B. Background Information. The City of Pittsburgh was incorporated on July 20, 1816 and chartered as a home-rule municipality on January 5, 1976. The City is the largest of 130 municipalities in Allegheny County with a population of 305,704 (2010 Census). It operates under a strong mayor form of government and provides the following services as authorized by its charter: public safety, sanitation, cultural and recreational, public improvements, planning and zoning, and general administrative services.

The City of Pittsburgh has a total payroll of approximately $190 Million annually covering nearly 3,220 employees. The accounting and financial reporting functions of the City of Pittsburgh are centralized. The City's fiscal year began on January 1, 2013 and ends on December 31, 2013.

More detailed information on the government and its finances can be found in:

2013 Operating Budget – available online at http://pittsburghpa.gov/information/budget

2012 City of Pittsburgh Comprehensive Annual Financial Report – available online at http://pittsburghpa.gov/controller/cafr

URA

The URA was established in 1946 under the Pennsylvania Urban Redevelopment Law. The URA acquires and clears blighted property; initiates rebuilding with the private sector, negotiates with the federal, state, county and local governments for public funds and facilities, and works to maintain and improve Pittsburgh neighborhood and business districts through business loan programs, multi- and single-family loan programs and home improvement loan programs. Funding for the URA projects and programs is obtained primarily through revenue bonds and intergovernmental grants. The URA has no taxing authority.

For accounting/auditing purposes, the URA is considered to be a component unit of the City of Pittsburgh as the Mayor of Pittsburgh appoints the Board of Directors of the URA and a financial benefit/burden relationship exists between the City and the URA.

The URA includes a component unit in its financial statements:

Pittsburgh Housing Development Corporation (PHDC) – not included within the scope of this RFP

The URA appoints the Board of Directors of this non-profit corporation and has the ability to impose its will upon the PHDC. The PHDC initiates, plans, finances, develops, and manages housing development throughout the City, with particular emphasis on activities in low- and moderate-income census tracts. The PHDC is audited in accordance with a separate auditing contract than that being considered within this request and so the auditor will be required to perform whatever procedures are necessary to rely on the work of another auditor.

The URA is a project-oriented government authority. The URA currently has approximately 88 employees and an administrative budget of approximately $11 million. An Organization Chart is attached as Exhibit B. The organization includes 3 operating departments: Innovation and Entrepreneurship, Housing, and Major Development, and includes 6 non-operating departments: Executive Offices, Legal, Real Estate, Engineering & Construction, Compliance/Community Outreach, and Finance.

Copies of the URA financial statements and Bond Indenture statements for the year ended December 31, 2012 are available upon request via e-mail (PDF format). E-mail requests for the statements to tshort@ura.org and/or mhorvath@ura.org.

PWSA

The Pittsburgh Water and Sewer Authority provides water to approximately 83,000 residential, commercial and industrial customers located in the City of Pittsburgh and collects wastewater throughout the City for Conveyance to ALCOSAN. The PWSA's fiscal year begins on January 1 and ends on December 31.

The PWSA exists as a body politic and corporate organized under the Municipality Authorities Act of 1945, as amended. A seven-member Board of Directors appointed by the Mayor of the City of Pittsburgh governs the Authority.

The PWSA has a total annual payroll of approximately $15 million covering approximately 250 employees. The accounting and financial reporting functions of the PWSA are centralized.

More detailed information on the PWSA and its finances can be found in:

- 2013 Operating Budget
- Financial Statements and Additional Information Year Ended December 31, 2012

Both can be obtained by contacting the Interim Director of Finance at (412) 255-2421 or jtolbert@pgh2o.com. The Financial Statements can also be found at http://www.pgh2o.com/financialHistory.htm.

PPAP

The Public Parking Authority of Pittsburgh (PPAP), a body corporate and politic under the laws of the Commonwealth, was organized in 1947 by the City pursuant to the Parking Authority Law of Pennsylvania (Act of June 5, 1947, P.L. 458, as amended and supplemented and recodified by Act 22 of 2001, 53 Pa C.S.A. §5501 et seq. and further amended by Act 110 of 2001, P.L. 926 (collectively the "Act")). The PPAP is governed by a five-member Board of Directors appointed by the Mayor of the City of Pittsburgh.

The PPAP owns or manages 13 major parking facilities with combined parking capacity of approximately 8,600 spaces, as well as 33 neighborhood parking lots with a combined parking capacity of approximately 1,750 parking spaces. Under various agreements with the City of Pittsburgh, the PPAP manages all on-street metered parking, enforces City of Pittsburgh parking ordinances; and manages the City's Residential Permit Parking Program.

The PPAP is also is responsible for the Pittsburgh Parking Court operations which are primarily managed by a third party service organization under an operational agreement. A SSAE 16 SOC I Type 2, performed by the third party's independent auditors, will be provided by March 31. Therefore the auditor will be required to perform whatever procedures are necessary to rely on this report.

PPAP has a total payroll of approximately $5 million covering nearly150 employees, consisting of two unions and non-union staff. The accounting and financial reporting functions of the PPAP are centralized. The PPAP's fiscal year begins January 1 and ends December 31.

The 2013 Operating Budgets and 2012 Financial Statements and Required Supplementary Information are available on request via email to joannwilliams@pittsburghparking.com

C. Fund Structure. The City of Pittsburgh uses the following fund types in its financial reporting:

Fund Type	Individual Funds	Legally Adopted Annual Budgets
General Fund	1	1
Special Revenue Funds	6	1
Debt Service Funds	1	
Capital Projects Funds	1	1
Fiduciary Funds	2	

D. Budgetary Basis of Accounting. As required by the Home Rule Charter, the City follows specific procedures in establishing budgetary data reflected in its financial statements. The general fund budget is adopted on a cash basis. Encumbrances for purchase commitments are treated as restrictions of available cash and not as expenditures. Budgets in capital project funds are also adopted on a cash basis, except those budgets for each project are adopted on a project basis which may encompass a period longer than one year. Accordingly, budget, as amended, figures for community development and capital projects funds reflect current year appropriations and unexpended prior year appropriations.

E. Pension Plans. The City of Pittsburgh is responsible for the funding of retirement benefits for three pension plans: The Municipal Pension Plan, The Policemen's Relief and Pension Plan and the Firemen's Relief and Pension Plan. The Municipal Pension Plan includes the PWSA. All three are defined benefit plans. Actuarial services for these plans are currently provided by Mockenhaupt Associates, One Gateway Center, Suite 1225, Pittsburgh, PA 15222.

The PPAP has a defined benefit pension plan for its full time non-union and AFSCME union employees. The employees contribute a percentage of their salary and the Authority is also responsible to fund the plan. Actuarial services for this plan are provided by Hallett Associates, Inc.

The PPAP also makes required contributions on behalf of its employees covered by the Teamsters Automotive Chauffeurs, Parts, Petroleum Industry, Produce, Bakery and Industrial Workers within Western Pennsylvania and Joint Council #40, Local Union No. 926. These employees participate in a multiple-employer defined contribution plan administered through the Western Pennsylvania Teamsters and Employers Pension Fund.

F. Component Units. Component units are included in the City of Pittsburgh's financial statements in accordance with Government Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". These entities are considered "Discrete Component Units": (1) Pittsburgh Water and Sewer Authority, (2) The Stadium Authority of the City of Pittsburgh, (3) The Public Parking Authority of Pittsburgh, and (4) The Urban Redevelopment Authority of Pittsburgh.

The management of the City identified the above discrete component units for inclusion in the City's financial statements. The auditors of each unit are contractually obligated to provide information needed for the City of Pittsburgh's audit. Historically, all component units have provided audit reports prior to May 1st.

G. Availability of Prior Audit Reports and Working Papers. Interested firms that wish to review prior years' audit reports and management letters for the City should contact the City Controller's Office at (412) 255-2055. The City of Pittsburgh will use its best efforts to make prior audit reports available to proposers to aid in their response to this request for proposals. The successful responder will be able to review prior year working papers.

Copies of the URA financial statements and Bond Indenture statements for the year ended December 31, 2012 are available upon request via e-mail (PDF format). E-mail requests for the statements to tshort@ura.org .

Copies of the PWSA financial statements are also available upon request by contacting the PWSA Interim Director of Finance at (412) 255-2421 or jtolbert@pgh2o.com.

Copies of the PPAP Financial Statements and Required Supplementary Information are available upon requests made via email to joannwilliams@pittsburghparking.com.

IV. TIME REQUIREMENTS

A. Proposal Calendar. The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	October 9, 2013
Due date for proposals	October 28, 2013

B. Notification and Contract Dates.

Selected firm notified	November 2013
Contract date	January 2014

C. Date Audit May Commence. Auditors can begin preparing for the audit as soon as they are awarded the contract. Entrance conferences required will be discussed with the successful responder. Weekly progress meetings are required.

D. Date Final Report is Due. The City's Home Rule Charter mandates that the Controller issue financial statements by May 1st. The City will complete a review of the draft report. Once all issues for discussion are resolved, the final signed report shall be delivered to the City within 5 working days for printing. It is anticipated that this process will be completed and the final report available on May 1st.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Work Area, Telephones, Photocopying and FAX Machines. The City of Pittsburgh will provide the Auditor with reasonable workspace, desks and chairs for the City's audit. The Auditor will also be provided with access to telephones, photocopying facilities, a laptop and FAX machines.

B. Report Preparation. The Office of City Controller will be responsible for oversight of the City's report preparation, editing and printing. The Auditor will provide each individual unit of the Entity with a PDF version of its final reports along with printed final reports for internal use and external distribution. The document processing fee is to be included in the submitted proposal.

VI. PROPOSAL REQUIREMENTS

A. General Requirements.

Inquiries. Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Anthony J. Pokora, Assistant Director
Department of Finance
1st Floor, City-County Building
414 Grant Street
Pittsburgh, PA 15219
(412) 255-2899

Contact with personnel of the Entity other than the Assistant Director regarding this RFP may be grounds for elimination from the selection process.

Submission of Proposals. The following material is required to be received by 4:00 PM, October 28, 2013 for a proposing firm to be considered:

A master copy (so marked) of a Technical Proposal and six (6) copies to include the following:

Title Page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
Table of Contents
Transmittal Letter signed with brief statement of the firm's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable three (3) year offer with the Entity reserving the option to add one (1) or two (2) additional fiscal years to the contract.
Detailed Proposal following the order set forth in "Section VI, B" of the request for proposals.
Executed copies of Proposer Guarantee and Proposer Warranties, attached to this request for proposal (Appendix C and Appendix D).

An original (so marked) and six (6) copies of a dollar cost proposal, plus a CD with the proposal documents, in eight (8) separate sealed envelopes marked as follows:

SEALED DOLLAR COST PROPOSAL
City of Pittsburgh
PROFESSIONAL AUDITING SERVICES
[DATE]

The completed proposal consisting of eight (8) separate envelopes to the following address:

Anthony J. Pokora, Assistant Director
Department of Finance
1st Floor, City-County Building
414 Grant Street
Pittsburgh, PA 15219

B. Technical Proposal.

1. **General Requirements.** The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Entity in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement.

   THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

   The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in the sealed dollar cost proposal). The Proposal should be prepared simply and economically, providing straightforward, concise description of the firm's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, item Nos. 2 through 8, must be included. They represent the criteria against which the proposal will be evaluated.

2. **Independence.** The firm should provide an affirmative statement that it is independent of the City of Pittsburgh as defined by generally accepted auditing standards/the U.S. General Account Office's Government Auditing Standards (2011). The firm should also provide an affirmative statement that it is independent of all of the component units of the City of Pittsburgh as defined by those same standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the Entity 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 audit.

In addition, the firm shall give the Entity written notice of any professional relationships involving the Entity entered into during the period of the agreement.

3. **License to Practice in the Commonwealth of Pennsylvania.** An affirmative statement should be included that the firm and all assigned key professional staff are properly registered and or licensed to practice in the Commonwealth of Pennsylvania.

4. **Firm Qualification and Experience.** The firm 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, the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis. Critical to the Entity's evaluation of candidates is the ability of the proposing firm to adequately staff for the size of the engagement and to do so within the time constraints mandated by the City's Home Rule Charter.

   If the firm is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified. The firm that is to serve as the principal auditor should be noted, if applicable.

   The firm is also 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 government engagements.

5. **Partner, Supervisory and Staff Qualifications and Experience.** The firm should identify the principal supervisory and management staff, engagement partners, managers, supervisors, specialists and seniors, who would be assigned to the engagement. The firm should also provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

   The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education of the specific staff to be assigned to this engagement and also indicate how the quality of staff over the term of the agreement will be assured.

The firm should identify the extent to which staff to be assigned to the audit reflect the Entity's commitment to Affirmative Action.

Engagement partners, managers, supervisory staff, specialists and seniors may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express written permission of the applicable unit of the Entity. However, in either case, the Entity retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the Entity, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. **Prior Engagements with the Entity.** List separately all engagements within the last five years, ranked on the basis of total staff hours and by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. **Similar Engagements with Other Government Entities.** For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (minimum 3 and maximum 5) performed in the last five years that are similar to the engagement described in this request for proposal.

8. **Specific Audit Approach.** The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposals.

   Firms will be required to provide the following information on their audit approach:

   - Proposed segmentation of the engagement
   - Level of staff and number of hours to be assigned to each proposed segment of the engagement
   - Extent to which statistical sampling is to be used in the engagement
   - Type and extent of analytical procedures to be used in the engagement

- Approach to be taken to gain and document an understanding of the Authority's internal control structure
- Approach to be taken in determining laws and regulations that will be subject to audit test work
- Approach to be taken in drawing audit samples for purposes of tests of compliance
- Extent of use of EDP software in the engagement

9. **Subcontracting and MBE/WBE Participation.** The goals suggested by the Entity for the MBE and/or WBE utilization are 25% and/or 10%, respectively. The Entity may authorize waivers of this requirement in cases where these conditions cannot be met. MBE/WBE participation can be satisfied by:

   a. Ownership/Partnership of firm
   b. Employment levels of minorities and/or women in the firm
   c. Use of minorities and/or women on the engagement
   d. Firm's use of minority or women-owned businesses as vendors for legal, printing, office supplies, travel, etc.
   e. Subcontracting with audit firms owned and controlled by minorities and/or women. If this is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the Authority.

   Provide breakdowns for (a) through (d) above and plans, if any, for subcontracting to MBE/WBE firms.

10. Veteran's-Owned Small Business – The City has an annual goal of not less than five (5) percent participation by veteran-owned small businesses in all contracts. The participation goal shall apply to the overall dollar amount expended with respect to contracts. The City, therefore, requires that all Proposers demonstrate good faith efforts to obtain the participation of veteran-owned small businesses in work to be performed under the contemplated City contract. In order to demonstrate this good faith commitment, all Proposers are required to complete and submit with their proposals an MBE/WBE/Veteran Owned Solicitation and Commitment Form, which details the efforts made by the Proposer to obtain such participation.

A. Veteran-owned small business is defined by the City as a business having one hundred (100) or fewer full-time employees and not less than fifty-one (51) percent of which is owned by one (1) or more veterans, or in the case of any publicly owned business, not less than fifty-one

(51) percent of the stock of which is owned by one (1) or more veterans, and the management and daily business operations of which are controlled by one (1) or more veterans.

B. For contracts under one hundred thousand dollars ($100,000.00), veteran-owned small businesses shall be exempt from all bonding requirements.

11. Identification of Anticipated Potential Audit Problems. The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the Entity.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

C. Sealed Dollar Cost Proposal

1. **Total All-Inclusive Maximum Price.** The sealed dollar cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be submitted is to contain all direct and indirect costs including all out-of pocket expenses. The total all-inclusive maximum price should list the separate costs for each individual unit of the Entity.

   The Entity will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost proposal. Such costs should not be included in the proposal.

   The first page of the sealed dollar cost proposal should include the following information:

   a. Name of Firm.
   b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the proposal, and authorized to sign a contract with each of the individual units of the Entity.
   c. Total All-Inclusive Maximum Price, listed by year and grand total for the three (3) year engagement and for the optional 2 years.

2. **Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each.** Part two of the sealed dollar cost proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix E), which supports the total all-inclusive maximum price. *The*

cost of other deliverables as described in Section II of this request for proposal should be disclosed as separate components of the total all-inclusive maximum price.

3. **Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates.** Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the Entity for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed dollar cost proposal in the format provided in the attachment (Appendix E). All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

   In addition, a statement must be included in the sealed dollar cost proposal stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing Entity rates for its employees. The Entity utilizes the IRS standard mileage rate, which is currently 56.5 cents per mile.

4. **Rates for Additional Professional Services.** If it should become necessary for Entity to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the individual unit of the Entity and the Auditor shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost proposal.

5. **Manner of Payment.** Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

VII. EVALUATION PROCEDURES

A. Evaluation Committee. Proposals submitted will be evaluated by a nine (9) member Evaluation Committee consisting of:

Assistant Director, Department of Finance
Finance Director, Pittsburgh Water & Sewer Authority
Finance Director, Pittsburgh Parking Authority
Finance Director, Urban Redevelopment Authority

Assistant Finance Director, Urban Redevelopment Authority
Chief Accounting Officer, Controller's Office
Executive Director, Pittsburgh Water & Sewer Authority
Executive Director, Pittsburgh Parking Authority
Fiscal Supervisor, Department of Finance

B. Review of Proposals. The Evaluation Committee will review the proposals individually and then convene to review and discuss their evaluations. The evaluations will be based on the criteria listed in the following section.

C. Evaluation Criteria. Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process:

1. Mandatory Elements

a. The audit firm is independent and licensed to practice in the Commonwealth of Pennsylvania.
b. The firm has no conflict of interest with regard to any other work performed by the firm or by the Entity.
c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
d. The firm submits a copy of its last external quality control review report or peer review and the firm has a record of quality audit work.

2. Technical Quality:

a. Expertise and Experience
   (i) The firm's past experience and performance on comparable government engagements.
   (ii) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
   (iii) Experience with similar federal or state financial awards.

3. Price:

<u>COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM</u>

D. Oral Presentations. During the evaluation process, the Evaluation Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Evaluation Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection. The Director of Finance (subject to City Council approval of the contract) and Authority Boards will approve a firm based upon the recommendation of the Evaluation Committee.

It is anticipated that a firm will be selected by November 2013. Following notification of the firm selected, it is expected that contacts will be executed between the selected Auditor and each individual unit of they Entity by early 2014.

~~E.~~F. Right to Reject Proposals. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contracts between the individual units of the Entity and the firm selected. The Entity reserves the right without prejudice to reject any or all proposals.

~~F.~~G. No Collusion or Conflict of Interest. By responding to this RFP, the Respondent shall be deemed to have represented and warranted that its submission was not made in connection with any competing Respondent submitting a separate response to this RFP, is in all respects fair, and was without collusion or fraud.

Pursuant to Section 161.36 of the City of Pittsburgh Code, the Respondent must include a disclosure of any finder's fees, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements of the firm that could present a real or perceived conflict of interest.

~~G.~~H. Fair Trade Certification. By responding to this RFP, the Respondent certifies that no attempt has been made, or will be made, by the Respondent to induce any other person or firm to submit or not to submit a submission for the purpose of restricting competition.

~~H.~~I. Debarment. This RFP is also subject to Section 161.22 of the City of Pittsburgh Code related to debarment from bidding on and participating in City contracts.

APPENDICES

A. Organizational Chart

B. List of Key Officials, Office Locations and Telephone Numbers

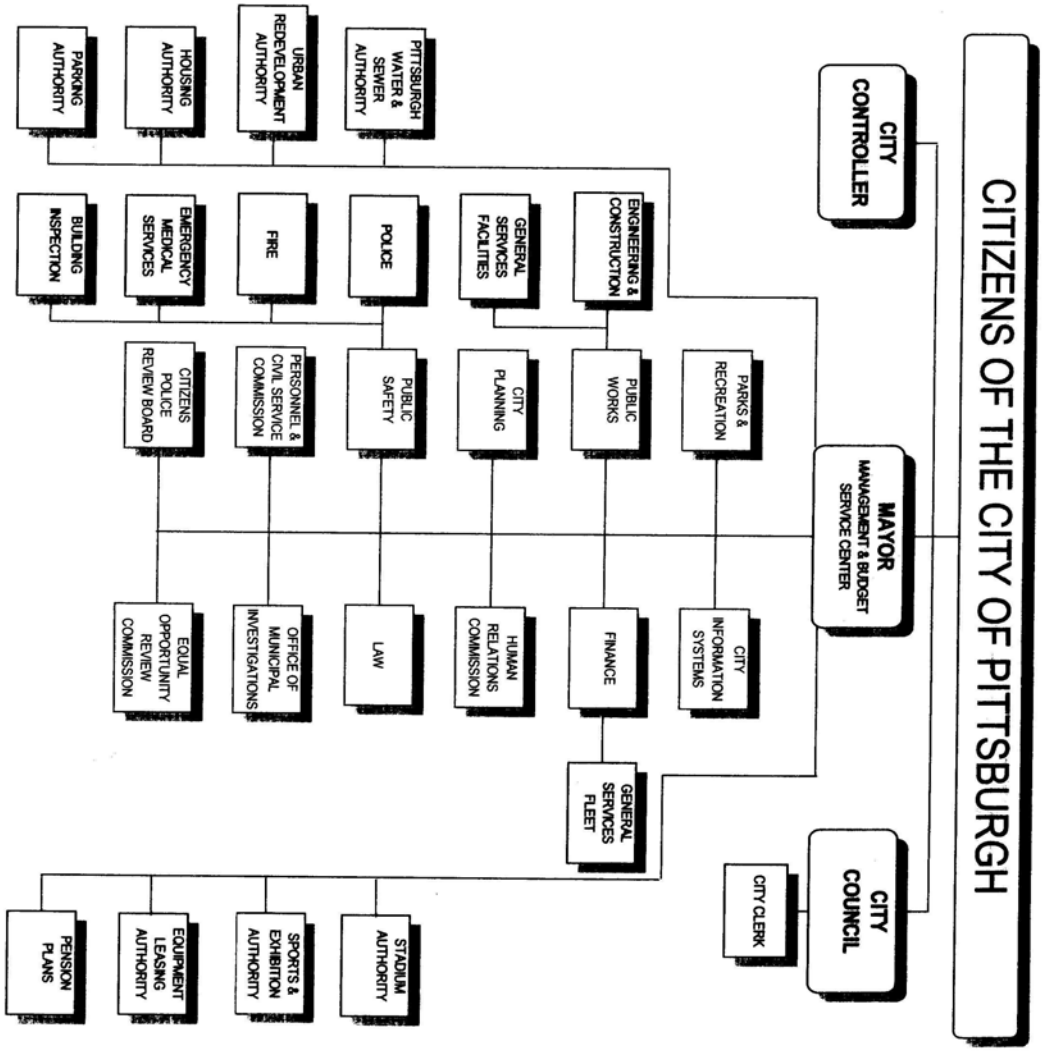
C. Proposer Guarantee

D. Proposer Warranties

E1. Format for Schedule of Professional Fees and Expenses for the Audit of the [Year] Financial Statements

E2. Format for Schedule of Professional Fees and Expenses for the Audit of the [Year] Financial Statements – Combining Schedule-all Services

APPENDIX A


CITIZENS OF THE CITY OF PITTSBURGH
CITY CONTROLLER
MAYOR
MANAGEMENT & BUDGET SERVICE CENTER
CITY COUNCIL
CITY CLERK
PARKS & RECREATION
CITY INFORMATION SYSTEMS
PUBLIC WORKS
FINANCE
GENERAL SERVICES FLEET
CITY PLANNING
HUMAN RELATIONS COMMISSION
LAW
PUBLIC SAFETY
PERSONNEL & CIVIL SERVICE COMMISSION
OFFICE OF MUNICIPAL INVESTIGATIONS
CITIZENS POLICE REVIEW BOARD
EQUAL OPPORTUNITY REVIEW COMMISSION
GENERAL SERVICES FACILITIES
POLICE
FIRE
EMERGENCY MEDICAL SERVICES
BUILDING INSPECTION
ENGINEERING & CONSTRUCTION
PITTSBURGH WATER & SEWER AUTHORITY
URBAN REDEVELOPMENT AUTHORITY
HOUSING AUTHORITY
PARKING AUTHORITY
STADIUM AUTHORITY
SPORTS & EXHIBITION AUTHORITY
EQUIPMENT LEASING AUTHORITY
PENSION PLANS

APPENDIX B

KEY PERSONNEL

Name and Title	Location of Office	Telephone
Scott Kunka, Finance Director	526 City-County Bldg	412-255-2640
Michael Lamb, Controller	1st Fl City-County Bldg	412-255-2501
Daniel Regan, Solicitor	300 City-County Bldg	412-255-2010
Margaret Lanier, City Treasurer	214 City-County Bldg	412-255-2494
Anthony J. Pokora, Asst. Director	1st Fl City-County Bldg	412-255-2899
PWSA		
James L Good, Interim Executive Dir.	1200 Penn Avenue	412-255-8949
Joey Tolbert, Interim Director of Finance	1200 Penn Avenue	412-255-2421
URA		
Robert Rubinstein, Acting Executive Dir.	200 Ross Street	412-255-6566
Tom Short, Finance Director	200 Ross Street	412-255-6630
Mary Horvath, Asst. Director of Finance	200 Ross Street	412-255-6632
Parking Authority		
David G. Onorato, Executive Director	232 Blvd of the Allies	412-560-2511
Jo-Ann Williams, Director of Finance	232 Blvd of the Allies	412-560-2541

APPENDIX C

PROPOSER GUARANTEE

The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX D

PROPOSER WARRANTIES

A. Proposer warrants that it is willing and able to comply with Commonwealth of Pennsylvania laws with respect to foreign Commonwealth of Pennsylvania corporations.

B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Pittsburgh and/or its related Authorities.

D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Date: _____

APPENDIX E.1

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS

	Quoted Hours	Hourly Rate	Total
Partners			
Managers			
Supervisory staff			
Staff			
Other (specify):			
Subtotal			
Total for services Described in Section II F of the RFP (Detail on subsequent pages)			
Out-of-pocket expenses:			
Meals and lodging			
Transportation			
Other (specify):			
Total all-inclusive maximum price for [YEAR] audit			

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

APPENDIX E.2

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE [YEAR] FINANCIAL STATEMENTS:

COMBINING SCHEDULE – ALL SERVICES DESCRIBED IN RFP SECTION II

Nature of Service to be Provided	Total Price	Schedule