



REQUEST FOR PROPOSALS

FINANCIAL AND COMPLIANCE AUDIT (FY2014-114)

PROPOSAL DUE DATE

March 4, 2014 at 2:00 p.m., Local Time

**Municipal Building
Office of the Mayor
City of Oak Ridge
200 S. Tulane Avenue
P. O. Box 1
Oak Ridge, Tennessee 37831-0001**

**Email: dstanley@oakridgetn.gov
Attn: Diana Stanley**

REQUEST FOR PROPOSALS **FINANCIAL AND COMPLIANCE AUDIT**

PURPOSE

The City of Oak Ridge has issued this Request for Proposals (RFP) to interested auditors who are qualified under Tennessee state law and regulations for the performance of a financial and compliance audit of the City of Oak Ridge in accordance with the requirements of the laws and/or requirements of the State of Tennessee. The audit will also include the City Court operations which are under the purview of an elected City Judge, Oak Ridge Land Bank Corporation, a nonprofit entity under the purview of a City Council elected City Board, and the City's component unit Oak Ridge Convention and Visitors Bureau. This audit shall be for the fiscal year ending June 30, 2014, with four annual renewal options at the City's discretion for the fiscal years ending June 30, 2015; June 30, 2016; June 30, 2017; and June 30, 2018.

PROPOSAL DUE DATE

All proposals shall be sent in a sealed envelope to the following address:

By mail:

Attn: Diana Stanley
City Clerk
City of Oak Ridge
P.O. Box 1
Oak Ridge, Tennessee 37831

By express mail or personal delivery:

Attn: Diana Stanley
City Clerk
City of Oak Ridge
200 S. Tulane Avenue
Oak Ridge, Tennessee 37830

The outside envelope must be clearly marked in the lower left-hand corner "RFP – Financial and Compliance Audit due by 2:00 p.m., local time, on March 4, 2014." It is the Respondent's responsibility to deliver responses to the exact location specified prior to the time indicated above as proposals will be opened promptly at 2:00 p.m. local time on March 4, 2014.

Proposals will be publicly opened and names read aloud on the due date/time. The main purpose of this opening is to reveal the names of the respondents, not to serve as a forum for determining the awarded proposal.

All respondents shall submit the enclosed proposal sheet complete with all requested information as an accompaniment to their proposal. Eight (8) copies of the proposal must be submitted.

No faxed, emailed or telephoned proposals will be accepted. Late proposals are not accepted.

EXCEPTIONS TO DOCUMENTS

The Respondent shall clearly state in the submitted proposal any exceptions to, or deviations from, the minimum proposal requirements, and any exceptions to the terms and conditions of this RFP including but not limited to any exceptions to the contract terms.

QUESTIONS

For questions, please contact Diana Stanley, City Clerk, at dstanley@oakridgetn.gov. Any interpretation or clarification given in accordance with this provision shall be in writing and will be distributed to all known respondents and posted on the City's website. Only questions answered in writing will be binding. Oral and other interpretations or clarifications will be without legal effect.

SCOPE OF SERVICES

The auditor shall perform a financial and compliance audit of the financial statements and records of all funds and grants of the City of Oak Ridge. The audit will also include all funds and grants of the City Court operations, nonprofit Oak Ridge Land Bank Corporation, and the component unit Oak Ridge Convention and Visitors' Bureau, all of which are independent from other Oak Ridge city functions. The audit does not include the operations of the Oak Ridge Schools.

City Court is operated as a department included in the City's general fund. Oak Ridge Land Bank Corporation is a non-profit newly created by City Ordinance that is governed by a seven (7) member Board of Directors appointed by City Council. The Oak Ridge Convention and Visitors' Bureau (CVB) is a component unit of the City and is governed by a City Council appointed board. The CVB will provide unaudited financial statements that will contain an Accountant's Compilation Report.

The Oak Ridge Schools are considered to be a department of the City. The Schools are governed by the Oak Ridge School Board and are separately audited. The Oak Ridge Schools will provide an audit report from which information will be retrieved for inclusion in the City's Comprehensive Annual Financial Report (CAFR).

GENERAL INFORMATION

Information regarding the City's organizational structure and funds can be obtained online in the City's prior year CAFR and 2014 budget document. The City's prior year CAFR is located on the City's web site at <http://www.oakridgetn.gov/content.aspx?article=1848>. The web address for the City's current budget document is <http://www.oakridgetn.gov/department/Finance/content.aspx?article=1853>.

The City's financial records and accounting systems are maintained on an AS400 system. The utility, property tax, personnel, and court systems were programmed in-house. The City utilizes the JD Edwards software for the basic financial systems, including general ledger, accounts payable, purchasing, and inventory. The City is currently reviewing other software solutions and it is expected that new software solutions will be obtained and migrated to within the five (5) years covered under this proposal.

TYPE OF AUDIT

The audit will be a financial and compliance audit and will be conducted in accordance with auditing standards generally accepted in the United States of America and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and those prescribed by the Comptroller of the Treasury of the State of Tennessee. Furthermore, the audit will be conducted in accordance with all guidelines as specified in the Single Audit Act and U.S. Office of Management and Budget (*OMB*) *Circular A-133*, as applicable, and any other applicable Federal Management Circulars.

GENERAL REQUIREMENTS

- (1) The City shall have closed and balanced all accounts and shall have prepared the trial balances for all funds to be examined by the auditor. The auditors will prepare the government-wide financial statements, fund financial statements and the combining and individual fund statements and schedules. The City will prepare the transmittal letter and introductory section of the CAFR, Management Discussion and Analysis, Notes to Financial Statements, Required Supplementary Information, debt amortization schedules, Statistical Section and the Schedule of Federal and State Financial Assistance Activity. The auditors must be able to provide any technical assistance required by the City to complete its assigned portion of the CAFR. The auditors shall be responsible for final compilation of the CAFR including page numbering, table of contents, and preparation of a fully bookmarked pdf of the CAFR for placement on the City's web site and for

utilization by the City to print copies of the CAFR. The auditor shall be responsible for filing the CAFR with the Tennessee Comptroller of the Treasury and the appropriate reports with the Single Audit Clearinghouse. The City will be responsible for print copies of the CAFR.

- (2) The City will send its CAFR to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. The City has been awarded this Certificate since the City's incorporation in 1960. The auditor must be able to provide any special assistance that may be required by the City to meet the requirements of that program.
- (3) The auditor shall, as part of the written audit report, submit to the City's governing body a report containing an expression of an unqualified or modified opinion on the financial statements, as prescribed by the State of Tennessee Comptroller's *Audit Manual*. This report shall state that generally accepted government auditing standards have been followed in the audit. The auditor is to provide an "in relation to" opinion on the areas required by Government Finance Officers Association's (GFOA) Certificate of Achievement program that are not covered under the standard auditor opinion.
- (4) Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue and provide copies of the following reports and schedules or any amended schedules as required by the Comptroller of the Treasury:
 - (a) Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*;
 - (b) Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133;
 - (c) Schedule of Findings and Questioned Costs.

If a management letter or any other reports or correspondence relating to findings or recommendations are issued in connection with this audit, a copy shall be filed with the Comptroller of Treasury. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e., they shall disclose no material matters not also disclosed in the findings found in the published audit report).

- (5) The Audit may begin prior to June 30 of each year and shall be completed and the report filed with the Tennessee Comptroller of the Treasury within six (6) months after the fiscal year-end.
- (6) The auditor shall retain the working papers for no less than five (5) years, and they shall be available for review and in the manner requested by the Comptroller of the Treasury or a designated representative or review by federal auditors.
- (7) Any evidence of fraud, such as defalcation, misappropriation, misfeasance, malfeasance, embezzlement or other illegal acts shall be reported by the auditor, **in writing immediately upon discovery**, to the Comptroller of the Treasury, State of Tennessee, who shall under all circumstances have the authority, at the discretion of the Comptroller, to directly investigate such matters. If the circumstances disclosed by the audit call for a more detailed investigation by the auditor than necessary under ordinary circumstances, the auditor shall inform the City's governing body in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Comptroller of the Treasury, an amendment to this contract may be made by the City's governing body and the auditor for such additional investigation.

- (8) The auditor shall present an overview of the completed audit at a regularly scheduled City Council meeting. At this time, the findings and recommendations regarding compliance and internal control shall be discussed. Audit findings and recommendations should be brought to management's attention as they are discovered during the audit to allow time for research and comment before this meeting. The City Manager or the City Manager's designee shall have the opportunity to respond in writing to the findings. Responses shall be included in the audit report.
- (9) The auditor must be able to satisfy the requirements of the standard Contract to Audit Accounts that must be approved by the Comptroller of the Treasury, State of Tennessee, prior to conducting the audit. This contract requires that the participating auditors are in compliance with requirements of the State Board of Accountancy, that the auditor's organization has participated in an external quality control review at least once every three years that was conducted by an organization not affiliated with the auditor's firm, that all members of the staff assigned to the audit have obtained the necessary hours of continuing professional education required by *Government Auditing Standards* and that all auditors participating in the engagement are independent under requirements of the American Institute of Certified Public Accountants (AICPA) and *Government Auditing Standards*.
- (10) In the event that circumstances arise during the audit that require work to be performed above original estimates, such cost must be approved by the City prior to commencement of the work.
- (11) The records of the City will not be removed from their respective offices except with the expressed written permission of the City Manager or the City Manager's designee. However, copies may be obtained of documents to supplement the auditors' work papers.
- (12) The audit firm shall state its willingness to enter into a contract for one year, renewable annually for each of the next four (4) years at the City's option.
- (13) All adjusting entries will be submitted to City Finance Department staff in writing with sufficient explanation so that they can be easily understood and properly posted to the financial records.
- (14) Prior to June 1 of the end of the audited fiscal year, the auditor will provide the Finance Department both a detailed audit plan and a listing of all schedules to be provided by the City.

PROPOSED FORMAT

The proposal shall be styled at the discretion of the respondent; however, at a minimum it must address these areas:

- (1) Breadth and depth of the firm's governmental auditing experience. Municipal government and utility, particularly electric, auditing experience should be specifically addressed. Identify those audit clients who received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA during the term of your audit.
- (2) Provide a listing of governmental and electric distributor audit clients in the State of Tennessee.
- (3) Organization size and structure of the firm.
- (4) Qualifications of staff to be assigned to the work; i.e., education, position in firm and years and types of experience will be considered.
- (5) Availability of auditor to the City for specialized consultation and support assistance on sensitive or highly specialized issues.

- (6) Type and level of training provided to the firm's staff. Assurance that all audit staff assigned to the audit have obtained the necessary hours of continuing professional education required by *Government Auditing Standards*.
- (7) Indicate whether the audit firm is a member of the AICPA quality review program or another peer review organization. A copy of the audit firm's most recent external quality review report should be provided.
- (8) Provide a summary of your audit approach.
- (9) Provide a planning timeframe.
- (10) The audit fee must be quoted either as a fixed fee or rate per hour, with total estimated hours. If the rate per hour method is used, a total maximum amount must also be stated. Amounts quoted must be all inclusive, including incidental expenses such as travel and supplies. The proposal shall also include an hourly rate to be charged by the auditor for additional work above the original estimates requiring prior approval by the City.

SELECTION PROCESS

Proposals will be evaluated by the City Manager, a City Council member, the Finance Director, and other senior city staff members. The proposals will be evaluated on the following basis in order of importance:

- (1) Experience of the firm in governmental auditing. Additional consideration will be given to those auditors whose experience includes municipal and utility audits, particularly electric systems, and audits where the Certificate of Achievement for Excellence in Financial Reporting was obtained for the CAFR.
- (2) Qualifications of personnel assigned. The firm shall provide as much information as possible regarding the number, qualifications, governmental auditing experience and training of the specific staff to be assigned to the audit, including field and principal supervisory and management staff.
- (3) Size and structure of the firm.
- (4) Audit fee.

Phone and/or in-person interviews may be conducted with firms during the selection process. The City of Oak Ridge plans to present its recommendation regarding the selection of a firm to conduct the City's audit at the April 14, 2014 City Council meeting for City Council's consideration and approval. The successful firm will be notified of City Council's decision the following day.

TOBACCO PRODUCTS

The selected Respondent and its employees/subcontractors shall comply with all building policies, regulations, schedules and rules as set out and required by the City. Please note smoking and the use of tobacco products (chewing) is prohibited in City facilities.

For any work done at City facilities, any smoking occurring outside of the buildings must occur at least twenty (20) feet away from any entrance, open window or other opening into which smoke could infiltrate into the building. Spent smoking materials are to be properly discarded and not littered on the grounds.

CONDITIONS FOR RESPONDING

1. Scope: The following terms and conditions shall prevail unless otherwise modified by the City within this proposal document.
2. Reservation of Rights: The City reserves the right to accept or reject any or all of the proposals submitted, waive informalities and technicalities, and negotiate any or all elements of any proposal deemed to be in the best interests of the City. The City reserves the right to request clarification of information submitted, and to request additional information from any respondent. Upon further analysis of need and analysis of costs resulting from responses to this proposal, the City reserves the right to award or reject any portions of the proposal.
3. Completing proposal: All information must be legible. Any and all corrections and/or erasures must be initialed. The Proposal Sheet must be provided. A neatly typed document of reasonable length is preferred. Proposals shall be prepared simply and economically providing a straightforward, concise description of the respondent's capabilities and experience to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content and ease of location responses to requested information. Expenses incurred in developing and submitting a proposal is borne entirely by the respondent.
4. Confidentiality of proposal information: Each proposal and supporting documents must be submitted in a sealed envelope. All proposals and supporting proposal documents become public information after the proposal opening and are available for inspection by the general public.
5. Accuracy of proposal: It is necessary that any and all information presented is accurate and/or will be that by which the respondent will complete the contract.
6. Addenda: All changes in connection with this proposal will be issued in the form of a written addendum and sent to known respondents. Signed acknowledgement of receipt of each addendum must be submitted with each proposal (see proposal sheet). Oral instructions, clarifications, and additional information supplied by the City representatives are not binding.
7. Late proposals and modification or withdrawals: Proposals received after the designated deadline shall not be considered and shall be returned unopened. Proposals may be withdrawn or modified prior to the proposal deadline. All such transactions must be submitted in writing and received prior to the proposal deadline.
8. Proposals binding: All proposals submitted in accordance with the terms and conditions of this RFP shall be binding upon the respondent for ninety (90) calendar days after the proposal opening.
9. Disclaimer of liability: The City will not hold harmless or indemnify any respondent for any liability whatsoever.
10. Law governing: All contractual agreements shall be subject to, governed by, and construed according to the laws of the State of Tennessee and applicable U.S. laws.
11. Anti-discrimination clause: No respondent to this request shall in any way, directly or indirectly, discriminate against any person because of race, creed, color, national origin, religion, age, sex, sexual orientation, disability or other legally protected status.
12. Conditional proposals: Conditional proposals are subject to rejection in whole or in part.

13. Responsible companies: Nothing herein is intended to exclude any responsible company or in any way restrain or restrict competition. On the contrary, all responsible companies are encouraged to submit proposals.
14. City Officers and Employees Not to have Conflict of Interest: No contract shall be made with any officer or employee of the City or any firm or corporation in which any officer or employee of the City has a conflict of interest.

FINANCIAL AND COMPLIANCE AUDIT

Request for Proposal
City of Oak Ridge, Tennessee

Proposal Cover Sheet

Eight (8) copies of sealed proposals due by March 4, 2014, at 2:00 p.m., local time, as follows:

By mail:

Attn: Diana Stanley
City Clerk
City of Oak Ridge
P.O. Box 1
Oak Ridge, Tennessee 37831

By express mail or personal delivery:

Attn: Diana Stanley
City Clerk
City of Oak Ridge
200 S. Tulane Avenue
Oak Ridge, Tennessee 37830

PROPOSAL SUBMITTED BY:

Company: _____

Physical Address: _____

Mailing Address: _____

Rep Name: _____

Phone: _____ Fax: _____

E-mail: _____

Tax ID Number: _____

Proposer acknowledges receipt of the following addenda:

Addendum No. _____ Date: _____ Addendum No. _____ Date: _____

Proposer attests that no officers or employees of the City of Oak Ridge are members of, or have financial interest in, the business submitting this proposal.

Signature of Authorized Person for Respondent

Printed Name

Printed Title

CONTRACT

THIS CONTRACT entered into this _____ day of _____, 2014, by and between the CITY OF OAK RIDGE, TENNESSEE, a municipal corporation, hereinafter called the "City," and

a _____, hereinafter called the "Auditor."

WITNESSETH

In consideration of the mutual promises of the parties hereto, the parties do hereby agree as follows:

ARTICLE 1 – Scope of This Contract

The work to be done consists of furnishing all labor, materials, supplies, tools, equipment and other incidentals necessary to perform all work and services required to perform a financial and compliance audit of the City of Oak Ridge, in strict accordance with the terms and provisions of this Contract, the Request for Proposals, and the proposal of the Auditor attached hereto. The audit includes the City Court operations which are under the purview of an elected City Judge, Oak Ridge Land Bank Corporation, a nonprofit entity under the purview of a City Council elected City Board, and the City’s component unit Oak Ridge Convention and Visitors Bureau.

In performance of this Contract, the Auditor binds himself to the City to comply fully with all provisions, undertakings, and obligations hereinafter set forth.

ARTICLE 2 – Term and Renewal

This Contract shall become effective upon its execution and shall continue in full force and effect through June 30, 2015. Work shall commence after the Auditor’s receipt of a written Notice to Proceed from the City. The audit shall be completed and the report filed with the Tennessee Comptroller of the Treasury no later than December 31, 2014 without explanation to the Comptroller of the Treasury, State of Tennessee, and the City.

The City may renew this Contract for up to four (4) additional fiscal year terms (July 1 through June 30).

ARTICLE 3 – Changes

The City reserves the right to make changes to the services to be provided which are within the project. No assignment, alteration, change, or modification of the terms of the Contract shall be valid unless made in writing and agreed to by both the City and the Auditor. The Auditor shall not commence any additional work or change the scope of the services until authorized in writing by the City. The Auditor shall make no claim for additional compensation in the absence of a prior written approval and amendment of the Contract executed by both the Auditor and the City.

ARTICLE 4 – Specific Requirements

- A. Compliance with Standards and Publications. The Auditor shall conduct the audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the *Audit Manual*. Additional information and procedures necessary to comply with requirements of governments other than the State of Tennessee are permissible provided they do not conflict with or undermine the requirements previously referenced.

If applicable, the audit is to be conducted in accordance with the provisions of the Single Audit Act and U.S. Office of Management and Budget (OMB) *Circular A-133*. The audit is also to be conducted in accordance with any other applicable federal management circulars. It is agreed that this audit will conform to standards, procedures, and reporting requirements established by the Comptroller of the Treasury. It is further agreed that any deviation from these standards and procedures will be approved in writing by the Comptroller of the Treasury prior to the execution of this Contract.

- B. Reports. The Auditor shall, as part of the written audit report, submit to the City the following reports:
1. A report containing an expression of an unqualified or modified opinion on the financial statements, as prescribed by the *Audit Manual*. This report shall state the audit was performed in accordance with *Government Auditing Standards*, except when a disclaimer of opinion is issued.
 2. A report on the internal control and on compliance with applicable laws and regulations and other matters. This report shall be issued regardless of whether the City received any federal funding. Audit reports which are subject to the provisions of the Single Audit Act and OMB *Circular A-133* shall include the additional report required by that circular. The reports will set forth findings, recommendations for improvement, concurrence or non-concurrence of appropriate officials with the audit findings, comments on corrective action taken or planned, and comments on the disposition of prior year findings.
- C. Management Letter. If a management letter or any other reports or correspondence relating to other matters involving internal controls or non-compliance are issued in connection with this audit, a copy shall be filed with the Comptroller of the Treasury by the Auditor. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e. they shall disclose no reportable matters or significant deficiencies not also disclosed in the findings found in the published audit report).
- D. Filing of Audit. The Auditor shall file one (1) electronic copy of the audit report with the Comptroller of the Treasury, State of Tennessee. The Auditor shall furnish one (1) electronic copy of the report to the City's Finance Director.
- E. Retention of Working Papers. The Auditor shall retain working papers for no less than five (5) years from the date the report is received by the Comptroller of the Treasury, State of Tennessee. In addition, the Auditor agrees that all working papers shall, upon request, be made available in the manner requested by the Comptroller for review by the Comptroller of the Treasury or the Comptroller's representatives, agents, and legal counsel, while the audit is in progress and/or subsequent to the completion of the report. Furthermore, at the Comptroller's discretion, it is agreed that the working papers will be reviewed at the office of the Auditor, the City, or the Comptroller and that copies of working papers can be made by the Comptroller's representatives or may be requested to be made by the Auditor and retained by the Comptroller's representatives.

- F. Reporting Suspicion of Unlawful Acts. Any reasonable suspicion of fraud (regardless of materiality) or other unlawful acts including but not limited to theft, forgery, credit/debit card fraud, or any other act of unlawful taking, waste, or abuse of, of official misconduct, as defined by *Tennessee Code Annotated* §39-16-402, involving public money, property, or services shall, upon discovery, be promptly reported in writing by the Auditor to the Comptroller of the Treasury, State of Tennessee, who shall under all circumstances have the authority, at the discretion of the Comptroller, to directly investigate such matters. Notwithstanding anything herein to the contrary, the Comptroller of the Treasury, State of Tennessee, acknowledges that the Auditor's responsibilities hereunder is to design its audit to obtain reasonable, but not absolute. Assurance of detecting fraud that would have a material effect on the financial statements, as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on financial statement amounts. If the circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the City in writing of the need for such additional investigation and the additional compensation required therefor. Upon approval by the Comptroller of the Treasury an amendment to this Contract may be made by the City and the Auditor for such additional investigation.

ARTICLE 5 – Payment

As consideration for satisfactory performance of the provisions of this Contract and as full consideration thereof, the City agrees to pay the Auditor up to \$ _____ in accordance with the proposal of the Auditor which is incorporated by reference into this Contract. The Auditor must submit an invoice for payment.

ARTICLE 6 – Indemnification by Auditor

To the fullest extent permitted by all applicable laws and regulations, the Auditor hereby agrees to protect, indemnify and hold harmless the City and their consultants, agents and employees from and against any and all claims, loss, expense, damage, charges and costs direct, indirect or consequential (including but not limited to fees and charges of engineers, architects, attorneys and other professional and court costs), collectively referred to as "claims," for injury to or death of persons and injury to or destruction of property suffered or alleged to have been suffered as a result of any act or omission on the part of the Auditor, any of the Auditor's subcontractors, anyone for whose acts any of them may be liable, or others whose services are engaged by the Auditor or anyone directly or indirectly employed or controlled by either of them in the course of the performance of the work provided for in the Contract, except such injury, destruction or death as may be caused by the sole negligence or fault of the City.

When the City submits notice, the Auditor shall promptly defend any aforementioned action. In any and all claims against the City or any of their consultants, agents or employees by any employee of the Auditor, any of the Auditor's subcontractors, anyone for whose acts any of them may be liable, or others whose services are engaged by the Auditor or anyone directly or indirectly employed or controlled by either of them in the course of the performance of the work provided for in the Contract, the indemnification obligation described herein shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Auditor or any subcontractor under workers' compensation acts, disability benefit acts or other employee benefit acts. The limits of insurance required in this Contract shall not limit the Auditor's obligations under this article.

The terms of this article shall survive the termination or suspension of this Contract.

ARTICLE 7 – Compliance with All Laws, Ordinances, Statutes, and Regulations

The Auditor shall comply with all applicable federal, state, county and local laws, ordinances, statutes, and regulations.

ARTICLE 8 – Insurance

The Auditor shall at all times during the Contract maintain in full force and effect Comprehensive General Liability, Workers' Compensation and Property Damage Insurance in the amounts set forth below and naming the City of Oak Ridge, Tennessee as an *additional insured*.

The Auditor shall maintain policies providing the following insurance protection, each policy containing a requirement that, in the event of change or cancellation, thirty (30) days' prior written notice be sent by mail to the City. Certificates of Insurance describing the coverage shall be furnished by the Auditor and shall contain the following express obligation:

"This is to certify that the policies of insurance described herein have been issued to the insured for whom this certificate is issued and are in force at this time. In the event of cancellation or material change in a policy affecting the certificate holder, thirty (30) days' prior written notice will be given the certificate holder."

1. Professional Liability (Errors and Omissions): \$1,000,000
2. Workers' Compensation and Employer's Liability as provided for in applicable statutes.
3. Comprehensive Automobile Liability (Including all owned, non-owned and hired vehicles)

Bodily Injury	\$300,000	each person
	\$700,000	each occurrence
Property Damage	\$100,000	each occurrence
Or Combined Single Limit of	\$1,000,000	

The Auditor may purchase at its own expense such additional or other insurance protection as it may deem necessary. Maintenance of the required minimum insurance protection does not relieve the Auditor of responsibility for any losses not covered by the above-required policies.

Before commencement of work hereunder, the Auditor agrees to furnish to the City of Oak Ridge (Legal Department, P.O. Box 1, Oak Ridge, Tennessee 37831-0001) a Certificate of Insurance or other evidence satisfactory to the City to the effect that such insurance has been procured and is in force.

ARTICLE 9 – Permits and Licenses

The Auditor shall obtain, at the Auditor's expense, all permits, licenses and bonds required by law or ordinance and maintain the same in full force and effect.

ARTICLE 10 – Subcontracting and Assignment

- A. The Auditor may utilize the services of specialty subcontractors on those parts of the work which, under normal contracting practices, are performed by specialty subcontractors.

- B. The Auditor shall not award, assign, transfer or pledge any work to any subcontractor without prior written approval of the City, which approval will not be given until the Auditor submits to the City a written statement concerning the proposed award to the subcontractor, which statement shall contain such information as the City may require.
- C. The Auditor shall be as fully responsible to the City for the acts and omissions of subcontractors, and of persons either directly or indirectly employed by said subcontractors, as the Auditor is for the acts and omissions of persons directly employed by the Auditor.
- D. The Auditor shall make a condition of all subcontracts and/or cause appropriate provisions to be inserted in all subcontracts relative to the work to bind subcontractors to the Auditor by the terms of this Contract insofar as applicable to the work of subcontractors and to give the Auditor the same power as regards terminating any subcontract that the City may exercise over the Auditor under any provision of the Contract Documents.
- E. Nothing contained in this Contract shall create any contractual relation between any subcontractor and the City.

ARTICLE 11 – Termination for Cause

If, through any cause, the Auditor shall fail to fulfill in a timely and proper manner its obligations or shall violate any of the covenants, agreements, or stipulations of this Contract, the City shall thereupon have the right to terminate the award by giving written notice to the Auditor of such termination and specifying a termination effective date. In that event, and as of the time notice is given by the City, all finished and unfinished documents, data, studies, surveys, drawings, maps, models, photographs, reports, and other materials prepared by the Auditor shall, at the option of the City, become the City's property, and the Auditor shall be entitled to receive compensation for any satisfactory work completed. Notwithstanding the above, the Auditor shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of the Contract by the Auditor, and the City may withhold any payments to the Auditor for the purpose of set-off until such time as the exact amount of damages due the City from the Auditor is determined.

ARTICLE 12 – Termination for Convenience

The City may terminate the Contract at any time for convenience by giving written notice to the Auditor of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of termination. In that event, all finished and unfinished documents, data, studies, surveys, drawings, maps, models, photographs, reports, and other materials prepared by the Auditor shall, at the option of the City, become the City's property. The Auditor shall be entitled to receive compensation for any satisfactory work completed as of the time such notice is given by the City.

ARTICLE 13 – Anti-Discrimination

The Auditor, in performing the work or furnishing the services covered by this Contract, shall not discriminate against any person because of race, creed, color, national origin, age, sex, sexual orientation, disability, religion or other legally protected status. The City of Oak Ridge encourages the utilization of minority and women-owned businesses in its contracting and subcontracting projects and the Auditor is encouraged to actively solicit the participation of these businesses. The Auditor shall inform all of its subcontractors and vendors providing work or services under this Contract of this requirement and shall ensure compliance therewith.

ARTICLE 14 – Personnel

- A. The Auditor represents that it has, or will, secure at the Auditor's expense, all personnel required to perform the work and services outlined in this Contract. Such personnel shall not be employees of or have any contractual relationship with the City.
- B. All of the services required hereunder will be performed by the Auditor or under the Auditor's supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under state and local laws to perform such services.

ARTICLE 15 – Auditor's Affirmations

As the authorized representative of the Auditor, the undersigned does hereby affirm that (a) the Auditor and all of the Auditor's employees participating in the audit are in compliance with all requirements of the Tennessee State Board of Accountancy; (b) the Auditor has participated in an external quality control review at least once every three (3) years, conducted by an organization not affiliated with the Auditor, and that a copy of the Auditor's most recent external quality control review report has been provided to the City and the Office of the Comptroller of the Treasury; (c) all members of the staff assigned to this audit have obtained the necessary hours of continuing professional education required by *Government Auditing Standards*; and (d) all auditors participating in this Contract are independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*.

ARTICLE 16 – Entire Agreement

This Contract constitutes the entire agreement between the parties. There are no other agreements between the parties and no other agreements relative hereto shall be enforceable unless entered into in accordance with the procedures set out herein and approved by the Comptroller of the Treasury, State of Tennessee.

ARTICLE 17 – Modifications

Any modifications to this Contract must be agreed to in writing by the parties and must be approved by the Comptroller of the Treasury, State of Tennessee.

ARTICLE 18 – Severability

If any term of this Contract is declared by a court of competent jurisdiction to be illegal or unenforceable, the validity of the remaining terms will not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if this Contract did not contain that term.

ARTICLE 19 – Governing Law

The interpretation of this Contract shall be governed by the publications mentioned in Article 4 and the laws of the State of Tennessee.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and year first above written, the City of Oak Ridge, by its Mayor, by authority duly given.

APPROVED AS TO FORM AND LEGALITY:

CITY OF OAK RIDGE, TENNESSEE

Kenneth R. Krushenski, City Attorney

Thomas L. Beehan, Mayor

Email: tbeehan@oakridgetn.org

Date: _____

(AUDITOR)

Signature

(Printed or Typed Name and Title)

Email: _____

Date: _____

Attachments: Request for Proposals
Specifications/Drawings
Auditor's Proposal

Approved by Resolution _____

APPROVED BY THE COMPTROLLER OF THE TREASURY, STATE OF TENNESSEE:

For the Comptroller:

By _____ Date: _____