



# City of Nederland

R.A. "Dick" Nugent, Mayor  
Don Albanese, Mayor Pro Tem  
Talmadge Austin, Councilmember  
Billy Neal, Councilmember  
Craig J. Beldaire, Councilmember  
Christopher Duque, City Manager

P.O. Box 967 · Nederland, Texas 77627 · (409) 723-1503 · FAX (409) 723-1550

May 25, 2016

Belt Harris Pechacek  
Attn: Robert Belt  
3210 Bingle Rd., Suite 300  
Houston, TX 77055

Re: Audit Service Request for Proposal

The City of Nederland is soliciting proposals from qualified firms of Certified Public Accountants to audit the City of Nederland's financial statements for the fiscal year ending September 30, 2016, with the option of auditing the financial statements for each of the four subsequent fiscal years based on satisfactory performance. Enclosed for your consideration is a Request for Proposal (RFP).

Completed proposals must be received at 207 N 12<sup>th</sup> St, P. O. Box 967, Nederland, Texas 77627 by 2:00 p.m. on Tuesday, July 5, 2016.

All questions and correspondence should be directed to Cheryl Dowden, Director of Finance at the above address, by email at [cdowden@ci.nederland.tx.us](mailto:cdowden@ci.nederland.tx.us) or by telephone at (409) 723-1509.

Sincerely,

  
Cheryl Dowden  
Director of Finance

*"Programmed for Progress"*

REQUEST FOR PROPORALS  
AUDITING SERVICES

Firms are invited to submit a proposal to provide professional auditing services for the City of Nederland, Texas. Proposals marked "A Proposal for Auditing Services" shall be received at the office of the Director of Finance, City of Nederland, 207 N 12<sup>th</sup> St, Nederland, Texas until **2:00 p.m., local time, Tuesday, July 5, 2016.**

Specification and all necessary information may be obtained beginning, May 24, 2016 at the City of Nederland, City Hall, 207 N 12<sup>th</sup> St., Nederland, Texas 77627.

Inquiries should be directed to:

Cheryl Dowden  
Director of Finance  
City of Nederland  
207 N 12<sup>th</sup> St.  
P.O. Box 967  
Nederland, Texas 77627  
cdowden@ci.nederland.tx.us  
(409) 723-1509

The City of Nederland expressly reserves the right to reject any or all proposals, or to accept any proposal or combination of proposals deemed advantageous to it.

CITY OF NEDERLAND, TEXAS  
REQUEST FOR PROPOSALS FOR  
PROFESSIONAL AUDITING SERVICES  
May 24, 2016

P.O. BOX 967  
NEDERLAND, TEXAS 77627

CITY OF NEDERLAND, TEXAS  
REQUEST FOR PROPOSALS  
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**CITY OF NEDERLAND, TEXAS  
REQUEST FOR PROPOSALS**

**I. INTRODUCTION**

**A. General Information:**

The City of Nederland (“City”) is requesting proposals from qualified firms of certified public accounts to audit its financial statements for the fiscal year ending September 30, 2016, with the option of auditing its financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office’s (GAO) *Government Auditing Standards* (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as well as examination for compliance with procedures established by Charter, Ordinance, or where applicable, State and Federal Laws or regulations, including the *Texas Code of Criminal Procedures*. The Finance Department is considering submittal of its Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. The City, therefore, searches for a firm that actively participates in technically assisting clients that have previously been awarded the certificate.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Any inquiries concerning the request for proposals (RFP) should be referred to Cheryl Dowden, Director of Finance, at (409)723-1509

To be considered, three (3) copies of a proposal must be received by Cheryl Dowden, Director of Finance at 207 N 12<sup>th</sup> St., P.O. Box 967, Nederland, Texas 77627 no later than 2:00 p.m. Tuesday, July 5, 2016. The City reserves the right to reject any or all proposals submitted. Proposals will be evaluated by an Audit Committee consisting of the following:

City Manager	Chris Duque
Director of Finance	Cheryl Dowden
City Clerk	Gay Ferguson

During the evaluation process, the Audit Committee and the City reserve the right, where it may serve the City's best interest, to request additional information or clarification from the proposers or to allow corrections of errors and omissions. At the discretion of the City or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in the RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City desires to enter into an agreement that will be advantageous to both the City and the audit firm.

It is anticipated the selection of a firm will be completed by July 25, 2016. Following notification of the selected firm, it is expected a contract will be executed between both parties by August 8, 2016.

**B. Term of Engagement:**

A one-year contract is contemplated, subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), the concurrence of the City Council and the annual availability of an appropriation.

**II. NATURE OF SERVICES REQUIRED**

**A. General:**

The City is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal year ending September 30, 2016, with the option to audit the City's financial statements for each of the four subsequent fiscal years. These audits are to be performed with the provisions in this request for proposals.

**B. Scope of Work to be performed:**

The City desired the auditor to express an opinion on the fair representation of its general purpose financial statements in conformity with generally accepted accounting principles.

The City also desires the auditor to express an opinion on the fair presentation of its combining and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the combining and individual fund and account group financial statements and supporting schedules. However, the auditor is to provide an “in-relation-to” report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements. The auditor is not required to audit the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards.

The auditor is not required to audit the schedule of federal financial assistance. However, the auditor is to provide an “in-relation-to” report on that schedule based on the auditing procedures applied during the audit of the financial statements.

From time to time, the City may request the auditor to perform other audits and reviews not specifically provided for under this request for proposal. If such a request is made, the auditor shall submit, at the City’s request, a separate proposal for completing the engagement, along with a proposed fee schedule. The City reserves the right to contract any additional audits or reviews with whomever they chose.

**C. Auditing Standards to be followed:**

To meet the requirements of the RFP, the audit shall be performed with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

(Uniform Guidance) , as well as the following additional requirements: examination for compliance with procedures established by City Charter, City ordinance, or where applicable, federal and state laws or regulations, including the *Texas Code of Criminal Procedures*.

**D. REPORTS TO BE ISSUED:**

1. Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:
  - a. an independent auditor's report including an opinion on the fair presentation of the financial statements in conformity with generally accepted accounting principles as well as on the fair presentation of the combining fund statements and schedules and budget to actual schedules in relation to the basic financial statements as a whole,
  - b. a report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*,
2. If the City is subject to the Single Audit Act, the following shall also be issued:
  - a. an "in-relation-to" report on the schedule of federal awards,
  - b. a report on internal control over compliance for each major federal award program, and
  - c. an report on compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that are applicable to each major federal award program.
5. Irregularities and illegal acts – The auditor shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which become aware to the Director of Finance.
6. Reporting to the Audit Committee – The auditor shall inform the City's Audit Committee of each of the following, as applicable:
  - a. the auditor's responsibility under generally accepted auditing standards, and the Standards Applicable to Financial Audits

Contained in *Government Auditing Standards* Issued by the  
Comptroller General of the United States,

- b. significant accounting policies,
- c. critical accounting policies and practices
- d. alternative accounting treatments
- e. management judgments and accounting estimates,
- f. financial statement disclosures
- g. significant audit adjustments,
- h. auditors judgments about the quality of the city's accounting principles
- i. other information in documents containing audited financial statements,
- j. disagreements with management,
- k. management consultation with other accountants,
- l. significant issues discussed with management prior to retention and during the audit process,
- m. difficulties encountered in performing the audit, and
- n. other material written communications

**E. Special Considerations:**

1. The City of Nederland is considering sending its Comprehensive Annual Financial Report 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. It is anticipated that the auditor will be required to provide special assistance to the City of Nederland to meet the requirements of that program. A separate price for this should be included in the proposal
2. The City of Nederland currently anticipates it will prepare one or more official statements in connection with the sale of debt securities over the term of this proposed engagement, which will contain the general purpose financial statements and the auditor's report thereon. The Auditor shall be required, if requested by the City to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters" and to provide assistance in compliance with disclosure and other diligence requirements for the issuance of said debt securities.
3. Should the provisions of the Single Audit Act apply, the schedule of federal and state financial assistance and related auditor's report, as well as the reports on the internal control structure and compliance are not to be included in the CAFR, but are to be issued separately. Ten (10) copies and an electronic PDF copy of the grant report are to be typed and printed by the selected auditor and provided to the City.
4. The independent auditor's report on the internal control structure of the City's most recent financial statement audit will be available to proposers upon request.
5. The City will require the auditor's assistance to comply with new reporting requirements recently mandated by the GASB, as well as actual preparation and typing of such financial statements.

**F. 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 five (5) years, unless the firm is notified in writing by the City of Nederland of the need to extend the retention period. The auditor shall not dispose of working papers and reports without the written consent of the City of Nederland. The auditor will be required to make working papers available, upon

request, to the City or designees, including but not limited to Federal Grant Agencies or other Federal Agencies, State of Texas Grant Agencies or other State of Texas Agencies, and auditors of entities of which the City of Nederland is a sub recipient of grant funds. In addition, the firm shall respond to 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 Person:**

The auditor's principal contact with the City will be Cheryl Dowden, Director of Finance, at (409) 723-1509 or a designated representative, who will coordinate the assistance to be provided by the City to the auditor.

#### B. **Background Information:**

The City operates under the Manager/Council form of government as established by its Charter. There are 15 various department and division heads. The City serves an area of 5.5 square miles with a population of 17,547. The City's fiscal year begins on October 1 and ends on September 30.

The City provides the following services to its citizens: public safety (police and fire), public works, parks and recreation, library, sanitation, water and sewer utilities, and general administration services. The City had a total payroll of approximately \$6.3 million covering 114 full-time positions as of October 1, 2016. The accounting and financial reporting functions of the City are centralized.

More detailed information on the government and its finances can be found in the audit and annual operating budget, which will be made available at the proposer's request.

**C. Fund Structure:**

The City used the following fund types and account groups in its financial reporting for the fiscal year ended September 30, 2016:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>	<u>Number with Legally Adopted Annual Budgets</u>
General Fund	1	1
Special Revenue Funds	7	5
Debt Service Funds	1	1
Capital Project Funds	1	0
Enterprise Funds	2	2
General Fixed Assets Account Group	1	N/A
General Long-Term Debt Account Group	1	N/A

**D. Basis of Accounting and Budgeting:**

The governmental fund types follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The proprietary fund type uses the accrual basis of accounting. Under this method, revenues are recorded when earned (for example, utility bills are recognized as revenue when bills are produced) and expenses are recorded when a commitment is made (e.g. through a purchase order).

The Audit report shows the status of the City’s finances on the basis of “generally accepted accounting principles” (GAAP). The City prepares its budget on the GAAP basis except for the treatment of depreciation expense (which is not shown in the budget, although the full purchase price of equipment is shown as a capital outlay). The modified accrual basis of accounting is used for the governmental fund type budgets and the accrual basis of accounting is used for the proprietary fund budgets.

**E. Federal and State Financial Assistance:**

During the fiscal year to be audited, the City received financial assistance from several federal and state agencies as identified in Appendix A.

**F. City Participation in Pension Plans:**

<u>Plan</u>	<u>Multiple-Employer Cost Sharing Agent</u>	<u>Single-Employer</u>	
		<u>Defined Benefit</u>	<u>Defined Contributions</u>
Texas Municipal Retirement System	X		
IRC 457 Deferred Compensation Plan	X		

**G. Component Units:**

The City is defined, for financial reporting purposes, in conformity with the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, component units are included in the City's financial statements.

The management of the City has identified the following component unit for inclusion in the City's financial statements:

Nederland Economic Development Corporation – The Corporation was formed to manage the 4(b) sales tax receipts of the City.

**H. Magnitude of Finance Operations:**

The Finance Department is directed by Cheryl Dowden, Director of Finance, and consists of two additional employees who serve as the Accounting Supervisor and an Accounts Payable Clerk. Both these positions share duties related to the accounting function as well as utility billing/collections.

**I. Computer Systems:**

Hardware is a networked Windows-based server. Software is through Tyler Technology's Incode. Many audit working papers and lead schedules are prepared by utilizing Incode's software features and Excel spreadsheets.

**J. Internal Audit Function:**

The City of Nederland does not have a dedicated internal audit function. The Director of Finance performs various audits throughout the year.

**K. Availability of Prior Audit Reports and Working Papers:**

Interested proposers who wish to review prior years' audit reports and management letters should contact James Edwards, CPA, 4347 Crow Road, Beaumont, Texas 77706 or call (409) 924-9100 or review the City's website [www.ci.nederland.tx.us](http://www.ci.nederland.tx.us). The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this RFP.

**IV. TIME REQUIREMENTS**

**A. Proposal Calendar:**

Request for proposals issued	May 24, 2016
Proposals due	July 5, 2016
Selection of auditing firm by City Council	July 25, 2016
Contract date	August 8, 2016

**B. Schedule for the Fiscal Year Ending 2016 Audit:**

1. Detailed Audit Plan:

The auditor shall provide the City by August 31, 2016 both a detailed audit plan and a list of all schedules to be prepared by the City

2. Fieldwork:

The auditor shall complete all fieldwork by January 31, 2017

3. Draft Reports:

The auditor shall have drafts of the audit reports and recommendations to management available for review by the Director of Finance no later than February 27, 2017.

4. Final Delivery:

Final audit reports are to be discussed with the City Council at a regularly scheduled council meeting, however, but no later than March 27, 2017

C. **Schedule for Subsequent Fiscal Year Audits:**

For subsequent years, the auditor shall provide the City by August 31<sup>st</sup> both a detailed audit plan and a list of all schedules to be prepared by the City and well as an anticipated cost for upcoming audit and Single Audit if required.

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

A. **Finance Department and Clerical Assistance:**

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The finance department staff may prepare confirmations.

B. **Electronic Data Processing (EDP) Assistance:**

Any requirements for computer time and/or system documentation will be coordinated through Cheryl Dowden, Director of Finance, and William Spell, Director of Information Technology.

C. **Statements and Schedules Prepared by City Staff:**

The City anticipates preparing the necessary trial balances, supporting schedules, analytical review schedules, etc, as agreed to with the auditor. The accounting staff will prepare necessary "prepared by client" (PBC) working papers normally required for the annual audit. All working papers to be prepared by the City should be submitted by written list to the City as soon as possible for the Fiscal Year Ending 2016 and on or before August 31<sup>st</sup> of each subsequent year, together with adequate explanatory details as to the purpose of the working papers as well

as method of preparing the working papers. Sufficiency and adequacy of the statements and schedules will be determined by the City.

**D. Facilities:**

The City of Nederland will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to telephones lines, photocopying facilities and a FAX machine.

**E. Report Preparation:**

Audit reports are to be address to the Honorable Mayor, City Council, and City Manager, City of Nederland, Texas. The proposal should include the following:

- the typing of the entire CAFR,
- the preparation of the financial statements, notes, and all required supplementary schedules of the CAFR,
- the preparation of the financial statements, notes, and all required supplementary schedules of the Single Audit Report (if any), and
- the preparation of the of the Independent Auditor's Report on the internal control structure of the City to be provided to the City.

All Final report preparation, editing and printing shall be the responsibility of the auditor. Ten (10) copies of each covered report should be printed and an electronic scanned version (PDF file) provided for use by the City.

**VI. PROPOSAL REQUIREMENTS**

**A. General Requirements:**

**1. Inquires:**

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

Cheryl Dowden  
Director of Finance  
City of Nederland  
P.O. Box 967  
Nederland, Texas 77627  
(409) 723-1509

2. Submission of Proposals:

The following material is required to be received by 2 p.m. local time, Tuesday, July 5, 2016 for a proposing firm to be considered:

- a. A master copy (so marked) of a Technical Proposal and one (1) copy to include the following:
  - i. 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;
  - ii. Table of Contents showing clear identification of the material by section and page number;
  - iii. Transmittal Letter signed (limited to two (2) pages) briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, as 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 offer for ninety (90) days;
  - iv. Detailed Proposal which should follow the order set forth in the Technical Proposal Section of this request for proposal;
  - v. Executed copies of Proposer Guarantees, Proposer Warranties and Conflict of Interest Questionnaire, attached to this request for proposal (See Appendix B, C, D.).
- b. The proposer shall submit an original and four (2) copies of a dollar cost bid in a separate sealed envelope marked:

SEALED DOLLAR COST BID PROPOSAL  
FOR THE CITY OF NEDERLAND, TEXAS  
FOR PROFESSIONAL AUDITING SERVICES  
JULY 5, 2016

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Cheryl Dowden  
Director of Finance  
Proposal for Audit Services  
City of Nederland  
P.O. Box 967  
Nederland, Texas 77627

Proposals may also be hand delivered to:

Finance Department  
Proposal for Audit Services  
Nederland City Hall  
207 N 12<sup>th</sup> St.  
Nederland, Texas 77627

**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 City of Nederland 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 the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

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 bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items numbers 2 through 10 below, 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 Nederland as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards* (1994).

The firm also should provide an affirmative statement that it is independent of all of the component units of the City of Nederland as defined by those same standards.

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the City of Nederland of any of its component units 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 City of Nederland written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in Texas:

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Texas.

4. Firm Qualifications and Experience:

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to service 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.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past five (5) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past five (5) years with state regulatory bodies or professional organizations. Also

describe all major pending and settled litigation of the firm during the last five (5) years. Please identify any litigation involving the local office.

The firm should also describe firm strengths, local strengths, audit philosophy, and how it differs from other firms.

5. Partner, Supervisory and Staff Qualifications and Experience:

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Texas. Provide information on the government auditing experience of each person, including information on relevant continuing profession education for the past two (2) years and membership in professional organizations relevant to the performance of this audit.

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. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff, specialists and other audit personnel may be changed if those personnel leave the firm, are promoted or are assigned to another office provided that replacements have substantially the same or better qualifications or experience.

Describe staff turnover in the local office over the last 24 months due to resignations or terminations.

6. Prior Engagements with the City of Nederland:

List separately all engagements within the last five (5) years, ranked on the basis of total staff hours, for the City of Nederland 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. Describe if how this does not conflict with your firm's independence in providing professional audit services in the future.

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 (maximum – 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

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 the request of this proposal.

Indicate the firm's agreement with respect to the scope of audit services, time period for engagement, and working papers. Any disagreement with these terms should be expressed here, as the City of Nederland plans to incorporate the RFP as proposed into the final contract by reference.

9. 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 City of Nederland.

10. Report Format:

The proposal should include sample formats for required reports.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

**C. Sealed Dollar Cost Bid:**

1. Total All-Inclusive Maximum Price:

The sealed dollar cost bid 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 bid is to contain all direct and indirect costs including all out-of-pocket expenses stated separately.

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

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

- a. Name of Firm;
- b. Certification that the person signing the proposal is entitled to represent the firm, empower to submit the bid, and authorized to sign a contract with the City of Nederland;
- c. A Total All-Inclusive Maximum Price for the fiscal year ending September 30, 2016 engagement. Include price for the preparation of the Audit report and CAFR, typing and printing the camera ready master copy of the Audit Report and CAFR and the required ten (10) copies, as well as the electronically scanned PDF file of the entire document. Identify the fee for out-of-pocket expenses, if any, separately from the fee for audit services.

2. Rates by Partner, Specialist, Supervisory and Staff level Times Hours Anticipated for Each:

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment, that supports the total all-inclusive maximum price. The cost of special services described in Section II E of this request for proposal should be disclosed as separate components of the total all-inclusive maximum prices (See Appendix D).

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 City of Nederland for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed dollar cost bid. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

4. Rates for Additional Professional Services:

If it should become necessary for the City of Nederland to request the auditor to render any additional services to either supplement the services requested in the 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 City of Nederland and the firm. Any such additional work agreed to between the City of Nederland and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment:

Progress payments will be made on invoices for no less than one month of professional services rendered.

**VII. EVALUATION PROCEDURES**

**A. Audit Committee:**

Proposals submitted will be evaluated by an Audit Committee consisting of:

City Manager	Chris Duque
Director of Finance	Cheryl Dowden
City Clerk	Gay Ferguson

**B. Review of Proposals:**

The Audit Committee will use a point formula during the review process to score proposals. The Audit Committee will first score, discuss, and review each technical proposal by each of the criteria described in Section VII C below. At this point, firms with an unacceptable low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The City of Nederland reserves the right to retain all proposals submitted any use any idea in a proposal regardless of whether that proposal is selected.

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, which will be considered during the evaluation process.

1. Mandatory Elements:

- a. The audit firm is independent and licensed to practice in Texas;
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two (2) years;
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the City of Nederland;
- d. The firm submits a copy of its most recent external quality control review report is submitted and it has a record of quality audit work;
- e. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.

2. Technical Qualifications:

a. Expertise and experience:

- i. Past experience and performance on comparable government engagements;
- ii. Quality and qualifications of professional personnel to be assigned to the engagement and qualifications of management support personnel to be available for technical consultation;
- iii. Past experience and performance auditing similar federal or state financial assistance programs;
- iv. Computer expertise.

b. Audit approach:

- i. Adequacy of proposed staffing plan for various segments of the engagement;
- ii. Adequacy of sampling techniques;
- iii. Adequacy of analytical procedures;
- iv. Adequacy of audit plan for electronic data processing function.

3. Price:

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

D. Oral Presentations:

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

E. Final Selection:

The City will select a firm based on the recommendation of the Audit Committee and approval of the Nederland City Council. It is anticipated that a firm will be selected on July 25, 2016. Following notification of selection, it is expected a contract between the parties will be executed by August 8, 2016.

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 contract between the City and the firm selected.

The City reserves the right, without prejudice, to reject any or all proposals.

**Appendix A**  
**Schedule of Active Federal and State Grants**  
**Year Ended September 30, 2016**

DHS-Sustainment Information Sharing Project

DOJ-Bullet Proof Vests Reimbursement Program

Texas State Library and Archives Commission-ILL Lending Reimbursement

TCLEOSE

**APPENDIX B**

**PROPOSER GUARANTIES**

State of \_\_\_\_\_  
County of \_\_\_\_\_

\_\_\_\_\_, being first dully sworn disposed and says that:

- (1) He is the (owner, partner, officer, representative or agent) of \_\_\_\_\_, the proposer that has submitted the attached proposal;
- (2) He is fully informed respecting the preparation and contents of the attached proposal and all the pertinent circumstances respecting such proposal;
- (3) Such Proposal is genuine and is not a collusive or sham proposal;
- (4) Neither said proposer nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including the affiant, has in any way clouded, conspired, connived or agreed, directly or indirectly with any other proposer, firm or person to submit a collusive or sham proposal in connection with such Contract, or has in any manner, directly or indirectly, sought by agreement, collusion, communication or conference with any other proposer, firm or person to fix the price or prices in the attached proposal or to fix any overhead, profit or cash element of the proposal price or the proposal price of any other proposer or to secure through any collusion, conspiracy, connivance or unlawful agreement any advantage against the Owner or any person interested in the proposed contract; and the price or prices quoted in the attached proposal are fair and proper;
- (5) All responsible parties will comply with Chapter 176 Local Government Code and complete the Conflict of Interest Questionnaire (CIQ).

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
PRINTED NAME

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC IN AND FOR

\_\_\_\_\_ Country, \_\_\_\_\_

My commission expires: \_\_\_\_\_

**APPENDIX C**

**PROPOSER WARRANTIES**

- A. Proposer warrants that it is willing and able to comply with State of Texas laws with respect to foreign (non-state of Texas) 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 omission of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permissions of the City.
- D. Proposer warrants that it is willing and able to meet required dates and report deadlines.
- E. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: \_\_\_\_\_

Name (printed/typed): \_\_\_\_\_

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

Firm: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX D**

**Part I**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES  
FOR THE AUDIT OF THE 9/30/2016 AUDIT ONLY FINANCIAL STATEMENTS**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	\$ _____	\$ _____	\$ _____
Managers	_____	\$ _____	\$ _____	\$ _____
Supervisory Staff	_____	\$ _____	\$ _____	\$ _____
Staff	_____	\$ _____	\$ _____	\$ _____
Other (specify): _____	_____	\$ _____	\$ _____	\$ _____
 Subtotal				\$ _____
 Total for services described in Section II D of the Request for Proposals (Details on Subsequent Schedules)				\$ _____
Out-of-Pocket Expenses:				\$ _____
Meals and Lodging				\$ _____
Transportation				\$ _____
Other (specify): _____				\$ _____
 Total All-Inclusive maximum Price for 9/30/2016 audit only				\$ _____

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 D**

**Part II**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR  
THE SINGLE AUDIT (if applicable) OF THE 9/30/2016 FINANCIAL STATEMENTS**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	\$ _____	\$ _____	\$ _____
Managers	_____	\$ _____	\$ _____	\$ _____
Supervisory Staff	_____	\$ _____	\$ _____	\$ _____
Staff	_____	\$ _____	\$ _____	\$ _____
Other (specify): _____	_____	\$ _____	\$ _____	\$ _____
Subtotal				\$ _____
Total for services described in Section II D of the Request for Proposals (Details on Subsequent Schedules)				\$ _____
Out-of-Pocket Expenses:				\$ _____
Meals and Lodging				\$ _____
Transportation				\$ _____
Other (specify): _____				\$ _____
Total All-Inclusive maximum Price for 9/30/2016 Single audit only				\$ _____

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 D**

**Part III**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE PREPARATION  
AND 10 COPIES OF THE AUDIT OF THE 9/30/2016 FINANCIAL STATEMENTS**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	\$ _____	\$ _____	\$ _____
Managers	_____	\$ _____	\$ _____	\$ _____
Supervisory Staff	_____	\$ _____	\$ _____	\$ _____
Staff	_____	\$ _____	\$ _____	\$ _____
Other (specify): _____	_____	\$ _____	\$ _____	\$ _____
Subtotal				\$ _____
Total for services described in Section II D of the Request for Proposals (Details on Subsequent Schedules)				\$ _____
Out-of-Pocket Expenses:				\$ _____
Meals and Lodging				\$ _____
Transportation				\$ _____
Other (specify): _____				\$ _____
Total All-Inclusive maximum Price for 9/30/2016 PREPARATION only				\$ _____

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 D**

**Part IV**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE PREPARATION  
AND 10 COPIES OF THE CAFR OF THE 9/30/2016 FINANCIAL STATEMENTS TO  
**BE SUBMITTED TO GFOA****

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	_____	\$ _____	\$ _____	\$ _____
Managers	_____	\$ _____	\$ _____	\$ _____
Supervisory Staff	_____	\$ _____	\$ _____	\$ _____
Staff	_____	\$ _____	\$ _____	\$ _____
Other (specify): _____	_____	\$ _____	\$ _____	\$ _____
Subtotal				\$ _____
Total for services described in Section II D of the Request for Proposals (Details on Subsequent Schedules)				\$ _____
Out-of-Pocket Expenses:				\$ _____
Meals and Lodging				\$ _____
Transportation				\$ _____
Other (specify): _____				\$ _____
Total All-Inclusive maximum Price for 9/30/2016 PREPARATION OF CAFR only				\$ _____

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

<b>CONFLICT OF INTEREST QUESTIONNAIRE</b> For vendor or other person doing business with local governmental entity		<b>FORM CIQ</b>
<p>This questionnaire reflects changes made to the law by H.B. 1491, 80th Leg., Regular Session. This questionnaire is being filed in accordance with Chapter 176, Local Government Code by a person who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the person meets requirements under Section 176.006(a).</p> <p>By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code.</p> <p>A person commits an offense if the person knowingly violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.</p>	<b>OFFICE USE ONLY</b>	
<p><b>1</b> Name of person who has a business relationship with local governmental entity.</p>	Date Received	
<p><b>2</b> <input type="checkbox"/> Check this box if you are filing an update to a previously filed questionnaire.</p> <p style="text-align: center; font-size: small;">(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)</p>		
<p><b>3</b> Name of local government officer with whom filer has employment or business relationship.</p> <p style="text-align: center;">_____</p> <p style="text-align: center; font-size: small;">Name of Officer</p> <p>This section (item 3 including subparts A, B, C &amp; D) must be completed for each officer with whom the filer has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.</p> <p>A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the filer of the questionnaire?</p> <p style="text-align: center;"> <input type="checkbox"/> Yes      <input type="checkbox"/> No                 </p> <p>B. Is the filer of the questionnaire receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?</p> <p style="text-align: center;"> <input type="checkbox"/> Yes      <input type="checkbox"/> No                 </p> <p>C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of 10 percent or more?</p> <p style="text-align: center;"> <input type="checkbox"/> Yes      <input type="checkbox"/> No                 </p> <p>D. Describe each employment or business relationship with the local government officer named in this section.</p>		
<p><b>4</b></p> <p style="text-align: center;">_____</p> <p style="text-align: center; font-size: small;">Signature of person doing business with the governmental entity</p> <p style="text-align: right; margin-right: 100px;">_____</p> <p style="text-align: right; font-size: small;">Date</p>		



Fees will be as follows:

Fiscal Year	Financial and Comprehensive Audit Fee	- Single Audit Fee	Preparation and Typing of Audit and CAFR	Total Fee
2016	\$ _____	\$ _____	\$ _____	\$ _____

Total payment to Contractor will not exceed the amount specified above, unless other conditions necessitate additional services, which must be authorized in advance by the Nederland City Council. Contractor's charges for services are not to exceed similar charges of Contractor for comparable services to other clients. Contractor will submit periodic billings for services rendered on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with Contractor's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar quarter. No interest shall ever be due on late payments. Payments to Contractor will be in the amount shown by the monthly statement and other documentation submitted and shall be subject to the approval of the Director of Finance. City shall not be liable under this Contract for any services which are unsatisfactory or which have not been approved by City.

For services not included in this Contract, it is agreed between City and Contractor that a separate agreement shall be entered into to cover such additional services.

Contractor and City recognize that the continuation of any contract after the close of any given fiscal year, which ends September 30 each year, of City shall be subject to the approval of the Nederland City Council.

### III. Scope of Services

Contractor agrees to provide the services under this Contract in accordance with generally accepted auditing standards (GAAS) and to perform the services to the highest professional standards.

### IV. City Responsibilities

City agrees to:

- Have City accounting staff provide necessary prepared-by-client working papers normally required for the annual audit and locate and reproduce documents necessary to the audit.
- Provide adequate work space and physical facilities needed to complete services.

### V. Staff Requirements

Contractor agrees that staff assigned to City's audit shall contain at least one (1) person with two (2) or more years of governmental auditing experience. This person shall be at a senior or higher level. There shall be at least one (1) additional person that has completed a minimum of one (1) full year in governmental auditing.

## VI. Schedule

A. Contractor shall meet the following deadlines:

1. All working papers to be prepared by City must be submitted, by written list, to City on or before August 31, 2016.

2. Preliminary audit work conducted prior to year-end closing may be scheduled by Contractor at a mutually agreeable time and date.

3. Audit fieldwork must be completed by January 31, 2017.

4. Year-end audit adjustments and trial balances are to be submitted to City no later than March 31, 2017.

5. The completed CAFR, single audit report, and all copies must be submitted at the work session preceding the last council meeting scheduled in January.

6. The management letter shall be submitted no more than thirty (30) calendar days after submission of the CAFR or no later than March 1, whichever is earlier.

7. Copies of all working papers or schedules shall be maintained by the Contractor for the latter of five (5) years after acceptance by Council and all relevant federal and state agencies or the time period required by any funding sources.

B. The audit shall not be considered complete until the relevant federal and state agencies have approved the audit plan and accepted the single audit report in writing.

C.

D. The dates identified in Section VI.A shall be modified for subsequent years should the City elect to extend the Contract in accordance with Section II. Upon submission by the Contractor requesting an extension, the City shall prepare a revised listing of deadlines as identified for the tasks in Section VI.A.

## VII. Termination

It is agreed and fully understood that City may, at its option and without prejudice to any other remedy it may be entitled to at law or in equity, cancel or terminate this Contract upon thirty (30) days written notice to Contractor with the understanding that immediately upon receipt of said notice, all work being performed thereunder shall cease. Contractor shall be compensated in accordance with the terms of this Contract

for all services performed through the date of receipt of notice provided that City shall not be obligated to pay for any work which is unsatisfactory or not submitted in compliance with the terms of this Contract. Contractor shall deliver all original source documents belonging to City immediately after notice of termination of this Contract has been received by Contractor.

#### VIII. Ownership of Documents

All original source documents given to Contractor under this Contract are the sole property of City and shall be delivered to City without restriction on future use.

#### IX. Confidential Work

No reports, information, project evaluation, data, or any other documentation developed by, given to, prepared by, or assembled by Contractor under this Contract shall be disclosed or made available to any individual or organization by Contractor without the express prior written approval of City.

#### X. Contractor's Liability

Acceptance by City of Contractor's reports shall not constitute or be deemed a release of the responsibility and liability of Contractor, its employees, agents, or associates for the accuracy and competency of their reports, information, and other documents or services; nor shall acceptance or approval be deemed to be the assumption of such responsibility by City for any defect, error, or omission in the documents prepared by Contractor, its employees, agents, or associates.

#### XI. Nondiscrimination

As a condition of this Contract, Contractor covenants that Contractor will take all necessary actions to insure that, in connection with any work under this Contract, Contractor, its associates and subcontractors, will not discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age, sex, ancestry, place of birth, or disability, either directly, indirectly, or through contractual or other arrangements. In this regard, Contractor shall keep, retain, and safeguard all records relating to this Contract or work performed thereunder for a minimum period of three (3) years from the final Contract completion, with full access allowed to authorized representatives of City, upon request, for purposes of evaluating compliance with this and other provisions of the Contract.

#### XII. Notices

All notices, communications, and reports required or permitted under this Contract shall be personally delivered or mailed to the respective parties by depositing same in the United States mail, postage prepaid, at the address shown below, unless and until either party is otherwise notified in writing by the other party, at the following addresses. Mailed notices shall be deemed communicated as of five (5) days after mailing.

If intended for City, mail to:

Cheryl Dowden  
Director of Finance  
City of Nederland  
P. O. Box 967  
Nederland, Texas 77627

Or deliver to:

Cheryl Dowden  
Director of Finance  
Nederland City Hall  
207 N 12<sup>th</sup> St.  
Nederland, Texas 77627

If intended for Contractor, mail to:

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### XIII. Applicable Law

This Contract is entered into subject to the Charter and ordinances of City as they may be amended from time to time and is subject to and is to be construed, governed, and enforced under all applicable federal and state laws. Contractor will make any and all reports required by federal, state, or local law, including but not limited to, proper reporting to Internal Revenue Service, as required in accordance with the Contractor's income. Situs of this Contract is agreed to be Jefferson County, Texas for all purposes including performance and execution.

### XIV. Severability

If any of the terms, provisions, covenants, or conditions of this Contract shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provisions of this Contract. All provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated. Any other provisions of this Contract shall be considered as if such invalid, illegal, or unenforceable provision had never been contained in this Contract.

### XV. Default

If at any time during the term of this Contract, Contractor shall fail to commence work, in accordance with the provisions of this Contract, fail to diligently provide services in an efficient, timely, and careful manner and in strict accordance with the provisions of this Contract, fail to use adequate number or quality of personnel to complete the work, or fail to perform any of its obligations under this Contract, then City shall have the right, if Contractor shall not cure any such default after fifteen (15) days written notice thereof, to terminate this Contract and complete the work in the manner it deems desirable, including engaging the services of other parties therefor. Any such act by City shall not be deemed a waiver of any right or remedy of City. If, after exercising any such remedy, the cost to City of the performance of the balance of the work is in excess of that part of the Contract sum which has not theretofore been paid to Contractor thereunder, Contractor shall be liable for and shall reimburse City for such expenses.

## XVI. Monies Withheld

When City has reasonable grounds for believing that Contractor will be unable to perform this Contract fully and satisfactorily within the time fixed for performance, or that meritorious claim exists or will exist against Contractor or City arising out of the negligence, error, or omission of Contractor or Contractor's breach of any provision of this Contract, then City may withhold payment of any amount otherwise due to Contractor under this Contract. Any amount so withheld may be retained by City for that period as it may deem advisable to protect City against any loss. City may, after written notice to Contractor, apply such money in satisfaction of any claim(s). This provision is intended solely for the benefit of City; and no other person or entity shall have any right against City or claim against City by reason of City's failure or refusal to withhold monies. No interest shall be payable by City on any amounts withheld under this provision. This provision is not intended to limit or in any way prejudice any other right of City.

## XVII. Indemnification

Contractor shall and does hereby agree to indemnify and hold harmless City, its officers, agents, and employees from any and all damages, loss or liability of any kind whatsoever by reason of death or injury to property to third persons caused by negligent act, error, or omission of Contractor, its officers, agents, employees, invitees, or other persons for whom Contractor is legally liable with regard to the performance of this Contract. Contractor will, at its own expense, defend, pay on behalf of, and protect City, its officers, agents, and employees against any and all such claims and demands.

## XVIII. Insurance

A. Contractor shall at Contractor's own expense, purchase and keep in force during the term of this Contract such insurance as set forth below. Contractor shall not commence work under this Contract until Contractor has obtained all insurance required and such insurance has been approved by City. All insurance policies provided under this Contract shall be written on an "occurrence basis" unless otherwise indicated. The insurance requirements shall remain in effect throughout the term of this Contract.

1. Professional liability insurance - including contractual liability in an amount not less than \$500,000

2. Commercial general liability insurance - \$500,000 combined single limit per occurrence for bodily injury, personal injury, and property damage; this policy shall have no coverages removed by exclusion

3. Automobile liability - \$500,000 combined single limit per accident for bodily injury and property damage; coverage should be provided as a "Code 1", any auto

4. Workers compensation and employers' liability - employer's liability policy limits of \$100,000 for each accident, \$500,000 disease policy limit

## B. Other insurance provisions

1. City shall be named as an additional insured on the commercial general liability and automobile liability insurance policies. These insurance policies shall contain the appropriate additional insured endorsement signed by a person authorized by that insurer to bind coverage on its behalf.

2. Should professional liability coverage be provided on a "claims-made" form, Contractor must maintain this policy for a period of four (4) years after completion of this Contract or purchase extended reporting period or "tail" coverage.

3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been provided to City.

4. Insurance is to be placed with insurers with a Best rating of no less than "AVII". The company must also be duly authorized to transact business in the state of Texas.

5. Workers compensation and employer's liability coverage - The insurer shall agree to waive all rights of subrogation against City, its officials, employees, and volunteers for losses arising from the activities under this Contract.

6. Certificates of insurance completed on the Accord form only and endorsements effecting coverage required by this clause shall be forwarded to:

Gay Ferguson  
City Clerk  
City of Nederland  
P. O. Box 967  
Nederland, Texas 77627

## XIX. Remedies

No right or remedy granted herein or reserved to the parties is exclusive of any other right or remedy herein granted by law or equity provided or permitted; but each shall be cumulative of every other right or remedy given thereunder. No covenant or condition of this Contract may be waived without consent of the parties. Forbearance or indulgence by either party shall not constitute a waiver of any covenant or condition to be performed pursuant to this Contract.

## XX. Independent Contractor

Contractor covenants and agrees that he/she is an independent contractor and not an officer, agent, servant, or employee of City; that Contractor shall have exclusive control of and exclusive right to control the details of the work performed thereunder and all persons performing same shall be responsible for the acts and omissions of its officers, agents, employees, contractors, subcontractors, and consultants; the doctrine of respondent superior shall not apply as between City and Contractor, its officers, agents, employees, contractors, subcontractors, and consultants; and nothing herein shall be construed as creating a partnership or joint enterprise between City and Contractor.

## XXI. Entire Agreement

This Contract embodies the complete agreement of the parties hereto, superseding all oral, written, previous, and contemporary agreements between the parties relating to matters herein, and except as otherwise provided herein, cannot be modified without written agreement of the parties.

## XXII. Successors and Assigns

City and Contractor each bind themselves, their successors, executors, administrators, and assigns to the other party to this Contract. Neither City nor Contractor will assign, sublet, subcontract, or transfer any interest in this Contract without the written consent of the other party. No assignment, delegation of duties or subcontract under this Contract will be effective without the written consent of City.

## XXIII. Non-Waiver

It is further agreed that one (1) or more instances of forbearance by City in the exercise of its rights herein shall in no way constitute a waiver thereof.

## XXIV. Headings

The headings of this Contract are for the convenience of reference only and shall not affect in any manner any of the terms and conditions thereof.

## XXV. Changes

City may, from time to time, require changes in the scope of services to be performed under this Contract. Such changes as are mutually agreed by and between City and Contractor shall be incorporated by written modification to this Contract.

## XXVI. Performance of Services

Contractor, its associates, and employees shall perform all services called for in this Contract. Contractor covenants and agrees that all of its associates and employees

who work on the engagement shall be fully qualified to undertake same and competent to perform the services described in this Contract.

XXVII. Conflict of Interest

Contractor covenants and agrees that Contractor, its associates, and employees will have no interest, and will acquire no interest either direct or indirect, which will conflict in any manner with the performance of the services called for under this contract. All activities, investigations and other efforts made by Contractor pursuant to this Contract will be conducted by employees, associates, or subcontractors of Contractor.

XXVIII. No Third Party Beneficiary

For purposes of this Contract, including its intended operation and effect, the parties (City and Contractor) specifically agree and contract that:

1. The Contract only affects matters/disputes between the parties to this Contract and is in no way intended by the parties to benefit or otherwise affect any third person or entity, notwithstanding the fact that such third person or entities may be in a contractual relationship with City or Contractor or both; and
2. The terms of this Contract are not intended to release, either by contract or operation of law, any third person or entity from obligations owing by them to either City or Contractor.

XXIX. Venue

The parties to this Contract agree and covenant that this Contract will be enforceable in Nederland, Texas and that if legal action is necessary to enforce this Contract, exclusive venue will lie in Jefferson County, Texas.

CONTRACTOR

CITY OF NEDERLAND

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Chris Duque, City Manager

\_\_\_\_\_  
Printed/typed Name

Attest:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Gay Ferguson, City Clerk

---

Printed/typed Title

---

Tax Identification Number

Witness:

The foregoing Contract is hereby approved as to form and legality.

---

Jesse Branick, City Attorney