REQUEST FOR QUALIFICATIONS (RFQ)

PROFESSIONAL AUDIT SERVICES

No. 2016-2017 - 002 – Audit Services

CITY OF ALICE
POST OFFICE BOX 3229
ALICE, TEXAS 78333

RESPONSES DUE NOVEMBER 30, 2016
CITY OF ALICE OFFICE OF THE CITY CLERK

NOVEMBER 2016

CITY OF ALICE
Request for Qualifications No. 2016-2017 - 002 - AUDIT SERVICES
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CITY OF ALICE REQUEST FOR QUALIFICATIONS NO. 2016-2017 - 002

AUDIT SERVICES

1.0 General Information

1.1 Purpose

The City of Alice, Texas (hereinafter referred to as the City) seeks proposals in response to this Request for Qualifications (RFQ) from qualified and experienced public accounting firms whose principal officers are independent certified public accountants (hereinafter referred to as "proposers" or "the proposer," with related pronoun reference "he" or "his" to be interpreted without regard to gender). The objectives of this RFQ are: (1) to obtain audit services for performance of the City's annual financial audit and single audit of state and federal grants for the two fiscal years beginning **October 1, 2015 and ending September 30, 2017**, and (2) to obtain other related services as stated herein.

1.2 Inquiries from Proposers

Questions related to this RFQ must be submitted in writing to the City Clerk as noted immediately below, and written responses will be sent to requestor and all known interested parties simultaneously. Verbal responses will be provided at the Pre-Proposal Conference and all interested parties are invited to attend. Questions should be directed as follows:

Rene S. Marshall, City Clerk
City of Alice
Post Office Box 3229 (78333)
500 East Main Street (78332)
Alice, Texas
cityclerk@cityofalice.org
Tel: 361.668.7210
Fax: 361.668.4353

Qualifications should be received by the City of Alice at or before **3:00 p.m., on November 30, 2016**. It is the proposer's responsibility to ensure that he has received any and all addenda related to the proposal. It shall be the sole responsibility of the respondent to ensure that their proposal is received by the City Clerk within the time limit indicated. Late proposals will not be considered.

OFFER OR CONDUCT: Beginning with your receipt of this Notice and during the Proposal process, Respondents are not permitted to contact any City of Alice Councilmembers, officers or employees, other than the City Clerk. No gratuities of any kind will be accepted, including meals, gifts or trips. Violation of these conditions will subject any offeror to immediate disqualification.

1.3 Pre-Proposal Conference

A **pre-proposal conference** will be held on **November 21, 2016 at 3:00** p.m. in the City's Council Chambers, at 500 East Main Street, Alice, Texas 78332. Attendance is not mandatory; however, the **deadline for questions** regarding this RFQ is the close of the pre-proposal conference.

1.4 Costs Incurred in Responding

All costs directly or indirectly related to preparation of a response to this RFQ, any oral presentations required to supplement and/or clarify a proposal, and/or reasonable demonstrations which may be, at its discretion, required by the City shall be the sole responsibility of and shall be borne completely by the proposer.

1.5 Response Instructions

Ten copies of your proposal should be returned in a sealed envelope bearing the name and address of the respondent and the Request for Qualifications Number 2016-2017 - 002 – Audit Services. Your proposal may be mailed or hand delivered as follows:

Hand Delivery	Mail
City of Alice Administration Office of the City Clerk Attn: Rene S. Marshall Second Floor, Room 202 500 East Main Street Alice, Texas 78332	City of Alice Administration Office of the City Clerk Attn: Rene S. Marshall Post Office Box 3229 Alice, Texas 78333

Late proposals will not be considered. **Deadline for receipt by the City is 3:00 p.m., November 30, 2016.**

1.6 Proposal Acceptance Period

All proposals must include a statement that they are valid for a minimum period of 90 days subsequent to the RFQ closing date (**valid thru February 28, 2017**).

1.7 Competitive Selection/Evaluation Factors

This procurement will comply with applicable State Law and City of Alice Policy. The successful proposer will be selected by the Alice City Council on a rational basis, with both qualifications and demonstrated competence considered in the selection process. Evaluation factors outlined below shall be applied to all eligible, responsive proposers in comparing proposals and selecting the successful proposer. Award of a contract may be made without

discussion with proposer after proposals are received. Proposals should therefore be submitted on the most favorable terms.

Criteria

Each proposal will be rated on a weighted 0-100 point scale. Proposal evaluation factors, with the maximum weighted percentage points awardable shown in parentheses, are as follows:

1. Depth and qualifications of staff, and amount of staff resources committed to this audit. (25 maximum points)

2. Experience in governmental, and especially municipal, accounting, as evidenced by a client list indicating the client size, type and duration of prior governmental engagements. (25 maximum points)

3. Audit quality, as evidenced by peer review evidence. (15 maximum points)

4. Availability of sufficient resources to devote to this audit. (15 maximum points)

5. Time estimates for this audit and timeline for start and completion. (5 maximum points)

6. Hourly rates of staff assigned to this audit. (5 maximum points)

7. Geographical location of office out of which the audit will be conducted. (5 maximum points)

8. Style and professionalism in presentation of Proposal. (5 maximum points)

Oral interviews may be arranged at the discretion of the evaluation team to assist in making the final selection. All proposers will be notified of the Council Meeting date and time at which a selection will be made and at which meeting a ten minute presentation may be requested from Proposers.

1.8 Review Committee/Evaluation Process

The proposals will be reviewed and evaluated based on the factors described above by an Audit Committee which consists of Administration, Management and City Finance staff.

Based on these reviews and evaluations, the City Manager will present the Audit Committee's recommendation to the City Council, who will then make the final selection.

1.9 Additional Information

The City reserves the right to require additional technical and contractual information during the evaluation period. Each proposal must designate person(s) who will be responsible for answering technical and contractual questions.

1.10 Negotiations

The City reserves the right to negotiate all elements of a proposal to ensure that the best possible consideration be afforded to all concerned. The City reserves the right to reject any or all proposals and to re-solicit for services.

1.11 Release of Information

Submission of information by the proposer shall not be released by the City during the proposal evaluation process or prior to contract award.

1.12 Contract Incorporation

Proposers should be aware that the contents of the successful proposal will become a part of any subsequent contractual document that may arise from this RFQ. Failure of a proposer to accept this obligation may result in the cancellation of any award.

1.13 Rights and Remedies

The rights and remedies of the City provided herein shall not be exclusive and are in addition to any other rights and remedies provided by law or under any subsequent contract.

1.14 Contract Payment/Compliance Statement

The contract shall be prepared under the direction of the City and shall incorporate all applicable provisions. Payment for all services other than those described as "special projects" will be made based on an all-inclusive, not-to-exceed negotiated fee proposal, with progress payments as mutually determined to be appropriate. These payments shall be based upon completion of phases of the work. A sample Contract and/or Letter of Engagement should be submitted with the proposal.

1.15 Progress Reports

The successful proposer shall submit progress reports to and hold periodic meetings with the City Manager as agreed upon by the City Manager and the proposer. The information provided in these reports should be sufficiently detailed to provide assurance that the audit is on schedule.

1.16 Publicity

Any publicity, news releases, and/or advertising pertaining to this RFQ and/or the awarding of any contract relating to the RFQ may not be made without prior written approval of the City.

2.0 Proposal Format

2.1 Required Sections

Proposals must be submitted containing the following sections in the order indicated:

Cover letter
Executive Summary
Table of Contents
Firm Background, Principal Officers, and Prior Experience
Scope and Audit Approach
Proposed Schedule
Other References
Additional Data and Other Information
Concluding Remarks

2.2 Cover Letter

This section should contain the name of the proposing firm, the address of the proposing office, and contact persons authorized to answer technical, price, and/or contract questions together with their telephone number and mailing address. The cover letter must also be signed by a partner authorized to bind the company.

2.3 Executive Summary

Prefacing the proposal, an executive summary of five pages or less should be provided which gives in brief, concise terms a summation of your proposal. Identify the points that make your firm uniquely qualified for this engagement.

2.4 Table of Contents

The Table of Contents shall include an index of the proposal contents and attachments.

2.5 Firm Background, Principal Officers and Prior Experience

Firm Qualifications and Experience. This section should state:

a. the size of the firm;

b. the size of the firm's governmental audit staff;

c. the location of the office from which the work on this engagement is to be performed;

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

e. the number and nature of the staff to be so employed on a part-time basis; and

f. the number and percentage of clients who have achieved the GFOA Certificate of Achievement for Excellence in Financial Reporting in 2015.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified. In addition, joint ventures or consortiums must identify a firm to serve as the principal auditor, and the principal auditor must accept responsibility for resolving all operational and contractual issues with the City.

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 three 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 three years with state regulatory bodies or professional organizations.

Partner, Supervisory and Staff Qualifications and Experience. The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who will be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Texas. The firm also should provide information on the governmental auditing experience of each person, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit.

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

Engagement partners, managers, other supervisory staff, and specialists assigned to the City's account in a proposal may be removed from the City's account if those persons leave the firm, are promoted, or are assigned to another office. These persons may also be changed for other reasons but only with the express prior written permission of the City of Alice. However, in either case, the City retains the right to approve or reject replacements.

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

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

Qualifications/Other. Additional information should be included to describe the office's capabilities to audit computerized systems.

The City realizes that the audit firm may have local government audit and consulting expertise nationally. While this is important, the City is most interested in local government expertise available in the "local office." The local office is defined as the office from which the audit engagement will be managed and primarily staffed.

The following items should be answered and/or discussed in the response to the RFQ:

a. A brief statement as to why the proposing firm is qualified to provide auditing services to the City of Alice. Proposer's response may include the firm's strengths, the local office's strengths and the firm's audit philosophy;

b. Detail the firm's overall qualifications and abilities to meet the specific requirements of this proposal including the size of the firm, the number of offices, and the number of partners and staff in the local office;

c. Identify which local office would be assigned to this engagement and the list of qualifications and background of the personnel who will be directly involved with this audit. Include the names of the partners, managers, and staff that will be assigned to the City engagement. Describe the experience of personnel and include resumes in an appendix;

d. Provide a list of local government clients served by the local office in the past five years and give a contact name, telephone number and email address for each. Please designate which are current clients;

e. Describe any disciplinary action imposed on the local office by the AICPA, state board, state society, or SEC during the past five years;

f. Describe the results of your firm's and local office's most recent peer Financial Review and its status under the AICPA Financial Review program;

g. Disclose any relationships that may exist between the City or Council and the management and members of the firm which might impair the firm's independence;

h. Describe the firm's policy in rotating partners and managers and discuss the audit staff turnover that has occurred in the local office due to resignations or terminations in the past 24 months. Disclose the firm's policies regarding staff education and development;

i. Outline the audit plans for the audit work to be performed (include the start date for fieldwork). Describe what your firm's philosophy will be with respect to the audit of the City of Alice;

j. Determine the maximum estimated fee for the audit. Include a time budget by employee classification for the audit. Include any changes that may occur in the fee for the second year of the initial two year term; and

k. Indicate the firm's agreement with respect to the Scope of Audit Services. Any disagreement or deviation with these terms should be expressed in the proposal, as the City plans to incorporate the proposal into a final contract by reference.

2.6 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 4.0 of this RFQ. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals, and programs, and financial and other management information systems.

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

a. Proposed segmentation of the engagement.

b. Level of staff and estimated number of hours to be assigned to each proposed segment of the engagement.

c. Sample sizes and the extent to which statistical sampling is to be used in the engagement.

d. Extent of use of Electronic Data Processing software in the engagement.

e. Type and extent of analytical procedures to be used in the engagement.

f. Approach to be taken to gain and document an understanding of the City's internal control structure.

g. Approach to be taken in determining laws and regulations that will be subject to audit test work.

h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

i. A sample Contract and/or Letter of Engagement should be submitted with the proposal.

The proposal should also identify in this section any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

The work plan submitted should include separate time estimates for the financial audit and single audit work.

A separate statement of the firm's approach to and understanding of the provision of technical assistance and advice concerning accounting and auditing issues that may arise during the course of the audit should be included. In addition, a discussion of the firm's approach to the level and amount of the Finance staff support necessary to complete the work as outlined in the proposal should be included.

2.7 Proposed Schedule

Comment on the firm's ability to meet the timelines indicated in the RFQ. The proposer should provide any recommended changes to the schedule that might be required to enhance the timelines and quality of the engagement.

2.8 Other References

Describe recent local and regional office auditing experience similar to the type of audit requested and give the name and telephone numbers of client officials responsible for three of the audits listed. These references would be in addition to those listed in Section 2.5 under paragraph titled -*Similar Engagements*.

2.9 Additional Data and Other Information

Since data not specifically requested must not be included in the foregoing proposal sections, give any additional information considered essential to the proposal in this section. If there is no additional information to present, state in this section, "There is no additional information we wish to present."

2.10 Concluding Remarks

This section shall contain any final remarks or elaboration which the proposer believes is important for a clear understanding of the proposed services and/or the proposer's capabilities.

2.11 Cost Proposal

Payment for all services other than those described as "special projects" will be made based on an all-inclusive, negotiated not-to-exceed fee proposal, with progress payments as mutually determined to be appropriate. The contract will be a two-year contract.

As provided for by the State Board of Public Accountancy Rules, Government Code, Texas Local Government Code, City Charter and City of Alice Policies, the contract award will not necessarily be made to the firm that provides the lowest cost but rather to the firm that submits the most responsive proposal meeting the City's requirements after negotiations.

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's negotiated dollar cost fee estimate. Interim billings shall be submitted on a negotiated schedule, and Final billing should be presented no later than 30 days following presentation of the CAFR to City Council.

3.0 Description of the Entity

3.1 General

The City of Alice's fiscal year begins on October 1 and ends on September 30. The 2015-2016 budget year operating revenues are $25,105,822, with operating expenditures of $30,383,370, creating deficit spending of ($5,358,932). This deficit budget was approved by the City Council. For FY 2016-2017, the City Council adopted a balanced budget. The City's budget includes federal grant funds. The City of Alice has a total payroll of approximately $411,468.80 biweekly for 240+ employees. The City provides pension benefits for all of its full-time employees, through a nontraditional, joint contribution, hybrid defined benefit plan in the statewide Texas Municipal Retirement System, an agent multiple-employer public retirement system.

More detailed information on the government and its finances can be found in the September 30, 2015 Comprehensive Annual Financial Report (CAFR) and the FY 2017 annual budget which are available on the City's website at www.cityofalice.org.

Alice is located at the intersection of State Highway 44 and U.S. 281 (connecting Corpus Christi to Laredo & San Antonio to the Rio Grande Valley). We are 45 minutes from Corpus Christi, 90 minutes from Laredo, 90 minutes from the Rio Grande Valley and 2 hours from San Antonio, making us an ideal center for distribution. We have a general population of 19,000 with a trade population of 80,000. Alice's economy is centered on the oilfield drilling and services industry. Alice provides many activities for family recreation, including a municipal golf course with cart paths and carts, a country club golf course, the Alice Multi-Use Center with large size swimming pool and lazy river, a lake, hotels, churches of all denominations, and many, many great restaurants. We have a walking trail, volleyball court, playscapes and swings at Anderson Park. Our Parks have received many improvements in the last few years with concessions and added

activities. Year 2013 marked the first Fitness in the Park 5k Run and Aerobics & Cross Training in the Park, and we now have 5k Runs the first Saturday of each month.

The municipal government of the City of Alice is administered by a council-manager form of government. Pursuant to its provisions and subject only to the limitations imposed by the state constitution and by the city charter, all powers and legislative authority of the City are vested in an elected council, enacting local legislation, adopting budgets, determining policies, and employing the City Manager, who executes the laws and administers the government of the City within the limitations prescribed in the Charter.

The Council consists of the Mayor and four councilmembers elected at large. Each member serves a two-year term. As Chief Administrative Officer of the City, the City Manager oversees the work of all City Departments and Divisions and administers the policies established by City Council. All authority not expressly delegated to the City Manager is reserved to and exercised by the Council. All powers of the City are exercised in the manner prescribed by the charter, or if the manner is not prescribed, then in such manner as may be prescribed by ordinance and state law.

The reporting entity for the City as defined by Governmental Accounting Standards Board (GASB) Statement 14, includes all funds and account groups reported in the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2015, as shown in the CAFR - Table of Contents found on the City's website. These pages should give the reader additional information on the City's reporting entity, fund structure, accounting and budgeting policies, and federal and state financial assistance, etc. The accounts of the City include each type of account group and all fund types. The City is not included in any other governmental "reporting entity".

Services provided by the City under general government functions include police and fire protection, street maintenance, building inspection and code enforcement services, planning and zoning, recreation, operation and maintenance of parks, and operation of the Alice Multi-Use Complex. The City operates its own water distribution system (in concert with the Alice Water Authority) and sewer collection and treatment system. The City of Alice also owns and operates the landfill and solid waste collection and disposal services for the City of Alice.

3.2 Administrative Organization

The city manager is the chief executive officer and the head of the administrative branch of the city government. He is responsible to the council for the proper administration of all affairs of the city, and to that end he has power to and is required to:

(1) Appoint and, when necessary for the good of the city, remove all employees of the city except as otherwise provided by the charter and except as he may authorize the head of a department to appoint and remove subordinates in such department.

(2) Appoint, subject to approval by the council, the city clerk.

(3) Prepare the budget annually and submit it to the council and be responsible for its administration after adoption.

(4) Prepare and submit to the council at the end of the fiscal year a complete report on the finances and administrative activities of the city for the preceding year.

(5) Keep the council advised of the financial condition and future needs of the city and make such recommendations as may seem to him desirable; and

(6) Perform such other duties as may be prescribed by this charter or required of him by the council, not inconsistent with the charter.

3.3 Organization of the City's Finance Department

There shall be a department of finance, the head of which shall be the Director of Finance, who shall be the city manager or be appointed by the city manager, with the approval of the city council. The city manager, with the approval of the city council, may appoint a deputy director of finance, who may be the city assessor and collector of taxes.

The City's accounting function falls within the City's Finance Department. The Director of Finance, who reports directly to the City Manager, is responsible for all financial accounting and reporting activities of the City. The director of finance shall have power and shall be required to:

(1) Prescribe the forms of receipts, vouchers, bills or claims to be used by all the offices, departments and agencies of the city government;

(2) Examine and approve all contracts, orders and other documents by which the city government incurs financial obligations, having previously ascertained that moneys have been appropriated and allotted and will be available when the obligations shall become due and payable;

(3) Audit and approve before payment all bills, invoices, payrolls and other evidences of claims, demands or charges against the city government and with the advice of the city attorney determine the regularity, legality and correctness of such claims, demands, or charges; and

(4) Inspect and audit any accounts or records of financial transactions which may be maintained in any office, department or agency of the city government apart from or subsidiary to the accounts kept in his office.

The Accounting Manager has overall responsibility for the following functions: Utility Accounting, General Fund Accounting, Payroll, Accounts Payable, Accounts Receivable, Capital Assets, Grant Reporting and Bank Depository Services.

3.4 Organization of the Accounting Function

The accounting records of the City are maintained by the Finance Department, with offices located within City Hall at 500 East Main Street, Alice, Texas 78332. Maintenance of the accounting records and functions is centralized within the Finance Department.

3.5 Audit Assistance

Personnel will be available to the auditors for the purpose of pulling invoices, directing auditors to the proper files, or for explaining procedures. **The Auditor should provide the Accounting Manager an advance listing of the required forms.**

4.0 General Information, Services Required and Scope of Work

4.1 Purpose

The purpose of the RFQ is to obtain the services of a qualified firm of certified public accountants to audit the financial statements for the fiscal years ending September 30, 2015 through September 30, 2017. The audit is to be performed in accordance with general accepted auditing standards, Government Auditing Standards and the Single Audit Act.

4.2 Scope of Work

The City of Alice desires the auditor to express an opinion on the fair presentation of its governmental activities, its aggregate discretely presented component units, and its aggregate remaining fund information in conformity with generally accepted accounting principles. The audit is not required to audit the combined and individual fund financial statements and supporting schedules. However, the auditor is to provide an "in-relation-to" report on the combined and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit the introductory section of the report or 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 as mandated by generally accepted auditing standards. The auditor is not required to audit the schedule of expenditures of federal awards. However, the audit is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

A sample Contract and/or Letter of Engagement should be submitted with the proposal.

4.3 Auditing Standards to Be Followed

The audit shall be performed in accordance with:

(a) Generally accepted auditing standards, as adopted by the membership of the American Institute of Certified Public Accountants and the Governmental Accounting Standards Board;

(b) Standards for the financial audits set forth in the U.S. General Accounting Office's (GAO) Government Auditing Standards;

(c) Provisions of the federal Single Audit Act of 1996 and the provisions of OMB Circular A-133, Audits of State and Local Governments; and

(d) State and federal laws and regulations.

4.4 Reports to Be Issued

Following the completion of the audit of the financial statements, the auditor shall issue the following reports:

(a) A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements;

(b) A report on compliance and internal control over financial reporting based on an audit of the financial statements; and

(c) A report on compliance and internal control over compliance applicable to each major federal program.

In the required reports on compliance and internal controls, the auditor shall communicate any significant deficiency or material weakness found during the audit. A significant deficiency shall be defined as a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements which is more than inconsequential will not be prevented or detected.

A material weakness shall be defined as a significant deficiency or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected. Significant deficiencies that are also material weaknesses shall be identified as such in the report.

Control deficiencies discovered by the auditor that are neither significant deficiencies or material weaknesses shall be reported in a separate letter to management, which will be referred to in the report(s) on compliance and internal controls. A control deficiency shall be deemed to have occurred whenever the design or operation of a control does not allow management or

employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls. In the instance of a single audit of federal awards, the report on compliance and internal controls shall include all instances of noncompliance.

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 known to the Accounting Manager, City Manager and City Council.

Reporting to the Accounting Manager, City Manager, and City Council – The auditor shall inform the Accounting Manager, City Manager, and City Council of each of the following:

(a) The auditor's responsibility under generally accepted auditing standards
(b) Significant accounting policies
(c) Management judgments about the quality of the entity's accounting principles
(d) Other information in documents containing audited financial statements
(e) Disagreements with management
(f) Management consultation with other accountants
(g) Major issues discussed with management prior to retention
(h) Difficulties encountered in performing the audit

4.5 Special Considerations

(a) The City will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in the Certificate of Achievement for Excellence in the Financial Reporting Program. It is anticipated that the auditor will be required to provide special assistance to the City to meet the requirements of that program;

(b) The auditor assists in the preparation of the Management's Discussion and Analysis and Statistical Section;

(c) The auditor prepares the financial statements and notes to the financial statements for the audit; and

(d) The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on compliance and internal control are to be issued as part of the comprehensive annual financial report.

4.6 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 three (3) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor shall be required to make working papers available to the city, upon request. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

4.7 Statement of Requirements

The schedule for the FY 2016 Fiscal Year audit is listed below:

(a) Detailed Audit Plan – The auditor shall provide the City both a detailed audit plan and a list of schedules to be prepared by the City by January 2, 2017;

(b) Draft Audit Report – The Auditor shall complete and present to the City Manager and Accounting Manager the preliminary draft of the audit report by March 3, 2017; and

(c) Final Audit Report – Report preparation, editing and printing shall be the responsibility of the auditor. The auditor shall complete and deliver to the Director of Finance the final report and twenty-five (25) signed copies on Monday, March 20, 2017. The auditor will present the final audit report to the City Council no later than March 23, 2017.

In subsequent years, the schedule for the audits should follow these guidelines:

- Detailed audit plan – due to the City by December 1
- Draft audit report – Due by the first week of March
- Final Audit Report – due by the 10th day prior to 2nd Council meeting scheduled in March

The auditor shall provide the Accounting Manager and City Manager with the status of the audit at least every two weeks during the audit process. The status report (written or verbal) should include audit issues that have been determined or potential audit issues the auditor is reviewing.

5.0 Other Information and Requirements

5.1 Work Area

A separate workspace in close proximity to the accounting records will be provided, as well as photocopy machines, phone, and a fax machine will be made available (Although, long distance charges will be billed back to the Auditor).

5.2 Audit Work Timing

Preliminary work prior to closing accounts must occur and be concluded prior to **November 1** of each year. Post-closing work may commence on or about **December 15.** Completion of fieldwork should be accomplished no later than **February 1, 2017.** Fieldwork will be considered complete when all adjustments have been made by the auditor. Date for report presentation shall be no later than the second City of Alice Council Regularly Scheduled Meeting in February of the respective year after the end of fieldwork. At that same time a draft management letter should be delivered.

5.3 Non-appropriation Provision

The City may cancel the contract should the present or any future City Council not appropriate funds in any fiscal year for the payment of this agreement. No penalty shall attach in the event of any such non-appropriation. In the event of non-appropriation, the City shall give the successful proposer advance written notice before cancellation of the contract, and the City shall not be obligated to make any payments beyond the end of the fiscal year (related to a subsequent fiscal year).

5.4 Equal Employment Opportunity

The Proposer agrees that during the performance of its contract it will:

1. Treat all applicants and employees without discrimination as to race, color, religion, sex, national origin, marital status, age, or handicap.

2. Identify itself as an "Equal Opportunity Employer" in all help wanted advertising or requests.

The Proposer shall be advised of any complaints filed with the City alleging that Proposer is not an Equal Opportunity Employer.

In determining whether to terminate any portion of this contract, the City reserves the right to consider reports from its Human Resource Office in response to discrimination complaints. However, the Proposer is specifically advised that no Equal Opportunity Employment complaint will be the basis for cancellation of this contract.

5.5 Conflict of Interest

The Proposer agrees to comply with the conflict of interest provisions of the City Charter, Code of Ordinances and state law.

5.6 Outstanding Taxes/Liabilities

Pursuant to Section 2-381 of the City of Alice Code of Ordinances, the City shall not award contracts to any person, firm, or corporation indebted or in arrears in payment of taxes or other liabilities to the City. Proposers must certify that their firm is not indebted or in arrears in payment of taxes or other liabilities to the City.

6.0 Listing of Time Lines and Critical Dates

Sequence of Events

The City will make every effort to adhere to the following schedule:

Date	Event
November 04, 2016	Deadline to have advertisement to newspaper
November 09, 2016	Advertise RFQ in Alice Echo News-Journal, Alice, Texas Post RFQ on City's website Distribute RFQ to prospective firms
November 13, 2016	Second Advertisement of RFQ in Alice Echo News-Journal – Alice, Texas
November 18, 2016	Deadline for inquiries, questions, or requests for information at 5:00 p.m.
November 21, 2016	Pre-Proposal/Qualifications Conference at 3:00 p.m. in Council Chambers
November 30, 2016	Receive sealed Qualifications by 3:00 PM at City Clerk's Office at City Hall and publicly open at 3:00 PM in City Council Chambers
December 01, 2016	City staff begins review of RFQ responses
December 14, 2016	City Council presentations, ranking of firms and authorization for City Manager to negotiate and enter into contract
October 1, 2016	Effective date of new Audit Services engagement

7.0 Terms and Conditions as Applicable

EQUAL OPPORTUNITY: The City of Alice will ensure that a qualified consultant is obtained through an equitable selection process and the prescribed work is properly accomplished in a timely manner at a reasonable cost. We are an Equal Opportunity Employer and reserve the right to reject any and all proposals, extend the RFQ deadline, and/or to waive formalities in our selection

WITHDRAWAL OR DECLINE SUBMISSION: After careful consideration has been given to this request, should your firm find it necessary to decline submission, it is requested that such a denial be forwarded to the aforementioned address.

RESERVATIONS: The City, through its duly authorized officials, reserves the right to reject any part of, or all statements without the imposition of any form of liability. Nothing herein is intended to exclude any responsible firm or in any way restrain or restrict competition. The City reserves the right to award this RFQ to the most qualified proposer that offers the best combination of qualifications and value to the City taking into consideration the selection criteria contained herein

COMMUNICATION: The City shall not be responsible for any verbal communication between any representative of the City and any potential firm. All modifications to this solicitation must be made in writing. A proposer's failure to examine relevant documents or specifications will not relieve offer or from any obligation with regard to their response to this invitation.

CONDITIONS OF CONDUCT: At all times any agent, officer, or employee of Proposer shall be present upon property owned by the City, the terms and conditions of the Drug and Alcohol Policy currently adopted by the City of Alice, shall be deemed applicable to such persons. Violations of terms and conditions while present on the premises owned by the City shall be grounds for termination of any agreement between the City and Proposer. A copy of this policy is available for public inspection in the office of the City Secretary and copies may be obtained at a nominal charge.

ETHICAL STANDARD: No City of Alice official or employee shall have interest in any agreement resulting from this "RFQ". Individuals with a possible conflict will enact a public disclosure record by completing a "Statement of Financial Interest" form.

REIMBURSEMENTS: 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 and the City will not reimburse responding firms for these expenses, nor will the City pay any subsequent costs associated with the provision of any additional information or presentation, or to procure an agreement for these services.

DISCLOSURE: There will be no disclosure of the contents to competing firms until the agreement is awarded and a contract of engagement executed between the City of Alice and the successful proposer. All proposals will be kept confidential during the negotiation process. Once the agreement has been awarded and agreement executed, all proposals will be open for public inspection, except for trade secrets and confidential information, which the firm identifies as proprietary.

DEFAULT: The City reserves the right to terminate this professional services agreement immediately for failure to meet delivery or completion schedules, or otherwise perform in accordance with the requirements of this proposal.

INDEMNIFICATION: The Proposer shall, defend, indemnify, and hold harmless the City, their officers, and agents from and against any and all claims, demands, causes of action, orders, decrees, or judgments for injury, death, damage to person or property, loss, damage, or liability of any kind (including without limitation liability under any federal, state, or local environmental law, Compensation and Liability Act; fees and costs (including all costs or settlements and reasonable attorney's fees incurred in defending any claim, demand, or cause of action) occasioned by, growing out of, or arising from (a) the performance of any product or service to be supplied by the Proposer, or (b) by any act, error or omission on the part of the Proposer, its agents, employees, or subcontractors, and or (c) any failure to fully comply with all applicable laws and regulations by the Proposer, its agents, employees, or subcontractors.

CONDITIONS OF WORK: Proposers are expected to be fully informed of buildings, locations and working conditions under which your services will be performed, and to have thoroughly reviewed this RFQ. Failure to do so will not relieve the successful proposer of any obligations to furnish the services as specified herein.

INSURANCE REQUIREMENTS: The Proposer shall procure and maintain, at its expense, during the term of this proposal, at least the following insurance, covering work performed.

COVERAGE LIMITS

A. Professional Liability Insurance -$2,000,000 each occurrence
B. Worker's Compensation -As required by Texas Law
C. Employer's Liability -$ 500,000 each occurrence
D. Public Liability (Bodily injury) -$1,000,000 combined single limit
E. Public Liability (Property damage) -$1,000,000 combined single limit
F. Automobile Liability (Bodily injury) -$ 200,000 each person
G. Automobile Liability (Property damage) -$ 50,000 each occurrence

The Proposer agrees to furnish insurance certificates, showing the Proposer's compliance with this section.

INDEPENDENT AGREEMENT OR RELATIONSHIP: The Proposer is and shall perform these services as an independent contractor, and as such, shall have and maintain complete control over all of its employees, agents, and operations. Neither the Proposer nor anyone employed by it shall represent, act, purport to act or be deemed to be the agent, representative, employee or servant of the City of Alice.

The Proposer selected by this Request for Proposal will be working as an independent contractor and will be required to take out and keep in force all permits, licenses, certifications, other approvals, and or insurance that may be required by the City, any local or regional governmental agency, the State of Texas, or the federal government. Failure to comply with any of these items would be grounds for immediate cancellation of the agreement.

CONFLICT OF INTEREST QUESTIONNAIRE

FORM CIQ

For vendor doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

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 vendor becomes aware of facts that require the statement to be filed. *See* Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 **Name of vendor who has a business relationship with local governmental entity.**

2 ☐ **Check this box if you are filing an update to a previously filed questionnaire.** (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 on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 **Name of local government officer about whom the information is being disclosed.**

Name of Officer

4 **Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.**

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

☐ Yes ☐ No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

☐ Yes ☐ No

5 **Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.**

6 ☐ Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

Signature of vendor doing business with the governmental entity

Date

CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

(A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;

(B) a transaction conducted at a price and subject to terms available to the public; or

(C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

***

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds $2,500 during the 12-month period preceding the date that the officer becomes aware that

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than $100 in the 12-month period preceding the date the officer becomes aware that:

(i) a contract between the local governmental entity and vendor has been executed; or

(ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);

(2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or

(3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

(A) begins discussions or negotiations to enter into a contract with the local governmental entity; or

(B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

(A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);

(B) that the vendor has given one or more gifts described by Subsection (a); or

(C) of a family relationship with a local government officer.

Implementation of House Bill 1295

Certificate of Interested Parties (Form 1295):

In 2015, the Texas Legislature adopted House Bill 1295, which added section 2252.908 of the Government Code. The law states that a governmental entity or state agency may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency. The law applies only to a contract of a governmental entity or state agency that either (1) requires an action or vote by the governing body of the entity or agency before the contract may be signed or (2) has a value of at least $1 million. The disclosure requirement applies to a contract entered into on or after January 1, 2016.

The Texas Ethics Commission was required to adopt rules necessary to implement that law, prescribe the disclosure of interested parties form, and post a copy of the form on the commission's website. The commission adopted the Certificate of Interested Parties form (Form 1295) on October 5, 2015. The commission also adopted new rules (Chapter 46) on November 30, 2015, to implement the law. The commission does not have any additional authority to enforce or interpret House Bill 1295.

Filing Process:

Staring on January 1, 2016, the commission will make available on its website a new filing application that must be used to file Form 1295. A business entity must use the application to enter the required information on Form 1295 and print a copy of the completed form, which will include a certification of filing that will contain a unique certification number. An authorized agent of the business entity must sign the printed copy of the form and have the form notarized. The completed Form 1295 with the certification of filing must be filed with the governmental body or state agency with which the business entity is entering into the contract.

The governmental entity or state agency must notify the commission, using the commission's filing application, of the receipt of the filed Form 1295 with the certification of filing not later than the 30th day after the date the contract binds all parties to the contract. The commission will post the completed Form 1295 to its website within seven business days after receiving notice from the governmental entity or state agency.

Information regarding how to use the filing application will be available on this site starting on January 1, 2016.

Additional Information:

HB 1295

Certificate of Interested Parties (Form 1295)**

****This is a sample form for illustration purposes only. DO NOT FILL OUT THIS SAMPLE FORM. Form 1295 MUST BE FILED ELECTRONICALLY! Paper copies and PDF copies of this sample form are not accepted!**

Chapter 46, Ethics Commission Rules (new rules in effect as of June 22, 2016)

Last Revision: October 26, 2016

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

4 Name of Interested Party	City, State, Country (place of business)	Nature of Interest (check applicable)	
		Controlling	Intermediary

Must file online at www.ethics.state.tx.us/File

5 Check only if there is NO Interested Party. ☐

6 AFFIDAVIT

I swear, or affirm, under penalty of perjury, that the above disclosure is true and correct.

_____
Signature of authorized agent of contracting business entity

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20 _____, to certify which, witness my hand and seal of office.

_____
Signature of officer administering oath | Printed name of officer administering oath | Title of officer administering oath

ADD ADDITIONAL PAGES AS NECESSARY

Form **W-9**
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification; check only one of the following seven boxes:
☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate
☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶
Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.
☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):
Exempt payee code (if any)
Exemption from FATCA reporting code (if any)
(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number
☐☐☐ – ☐☐ – ☐☐☐☐

or

Employer identification number
☐☐ – ☐☐☐☐☐☐☐

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here | **Signature of U.S. person ▶** | **Date ▶**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at *www.irs.gov/fw9*.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding?* on page 2.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* above.

What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note. ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

Limited Liability Company (LLC). If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2—The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5—A corporation

6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8—A real estate investment trust

9—An entity registered at all times during the tax year under the Investment Company Act of 1940

10—A common trust fund operated by a bank under section 584(a)

11—A financial institution

12—A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 5[2]
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note. You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on this page), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: *A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.*

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account[1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor[2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee[1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner[1]
5. Sole proprietorship or disregarded entity owned by an individual	The owner[3]
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	**Give name and EIN of:**
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity[4]
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 2.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov*. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: *spam@uce.gov* or contact them at *www.ftc.gov/idtheft* or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.