

SPECIAL LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

A G E N D A

May 7, 2007 - 6:00 P.M. - Council Chambers - City Hall - City of Dover
*Public comments are welcomed on any item and will be permitted at appropriate times.
When possible, please notify the City Clerk (736-7008 or e-mail at
Tmcdowell@dover.de.us) should you wish to be recognized.*

AGENDA ADDITIONS/DELETIONS

1. Review of Audit Proposals and Selection of Firm
2. Adjournment

/tm

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City of Dover
Finance Department
PO Box 475
Dover DE 19903-0475
Phone: (302-736-7018
FAX: (302) 736-7177
E-Mail: dmitchell @dover.de.us



MEMORANDUM

To: Legislative, Finance & Administration Committee

From: Donna Mitchell, Treasurer/Finance Director

Copy: Tracey Lisiecki & City Clerk

Date: May 3, 2007

Subject: LF&A Meeting-May 8, 2007 Agenda Item 1

Please bring your copies of the technical proposals for audit services from the two Certified Public Accounting firms and your scoring sheet to the May 8, 2007 meeting. These items were sent to you on April 18, 2007. We will be discussing everyone's comments and scores and after the technical scores have been calculated we will review the sealed price proposals.

LF&A Mtg 4/23/07

City of Dover
Finance Department
PO Box 475
Dover DE 19903-0475
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FAX: (302) 736-7177
E-Mail: dmitchell@dover.de.us



MEMORANDUM

To: Legislative, Finance & Administration Committee
From: Donna Mitchell, Treasurer/Finance Director
Copy: Tracey Lisiecki & City Clerk
Date: April 18, 2007
Subject: Audit Proposals

Enclosed are copies of the technical proposals for audit services we received from two Certified Public Accounting firms. A scoring sheet has been included for your review. We will be scheduling a meeting with the Legislative, Finance, & Administrative Committee sometime the first week of May to discuss everyone's comments and scores. After the technical scores have been calculated we will review the sealed price proposals.

Other enclosures –
Request for Proposal
Scoring Sheets
Calendar

PROFESSIONAL AUDITING SERVICES 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 the State of Delaware
 - b. The firm has no conflict of interest with regard to any other work performed by the firm for the City of Dover
 - c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
 - d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
 - e. The firm's professional personnel have received adequate continuing professional education within the preceding two (2) years.
2. Technical Quality: (Maximum Points - 70)
 - a. Expertise and Experience
 - (1) The firm's past experience and performance on comparable government engagements
 - (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
 - b. Audit Approach
 - (1) Adequacy of proposed staffing plan for various segments of the engagement
 - (2) Adequacy of sampling techniques
 - (3) Adequacy of analytical procedures
3. Price: (Maximum Points - 30)

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

PROFESSIONAL AUDITING SERVICES EVALUATION 2007									
		FIRMS							
		Clifton Gunderson LLP				Faw Casson & Co			
EVALUATORS:		1	2	3	4	1	2	3	4
EVALUATION CRITERIA		WEIGHT FACTOR							
1.	MANDATORY ELEMENTS (mark with x)								
a.	The audit firm is independent and licensed to practice in Delaware.	X							
b.	The firm has no conflict of interest with regard to any other work performed by the firm for State or Kent County	X							
c.	The firm's professional personnel have received adequate continuing professional education within the preceding two (2) years.	X							
d.	The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.	X							
e.	The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.	X							
2. a.	TECHNICAL QUALITY-EXPERTISE AND EXPERIENCE								
(1)	The firm's past experience and performance on comparable government of engagement.	20							
(2)	The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultant.	20							
b.	AUDIT APPROACH								
(1)	Adequacy of proposal staffing plan for various segments of the engagement.	10							
(2)	Adequacy of sampling techniques.	10							
(3)	Adequacy of analytical procedures.	10							
TOTAL		70	00	0	0	0	0	0	0

City of Dover 2007 Audit Calendar																					
APRIL							MAY							JUNE							
S	MT	W	T	F	S	S	S	MT	W	T	F	S	S	S	MT	W	T	F	S		
1	23	4	5	6	7		1	2	3	4	45								12		
8	9	10	11	12	13	14	6	7	Notify Firm Selected	9	10	11	12	3	45	6	7	8		9	
15	16	17	Proposals Due	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16	
22	23	24	25	26	27	28	20	21	22	Contract Signed - Start Audit	24	25	26	17	18	19	20	21	Interim Work Completed	23	
29	30						27	28	29	30	31			24	25	26	27	28	29	30	
JULY							AUGUST							SEPTEMBER							
S	MT	W	T	F	S	S	S	MT	W	T	F	S	S	S	MT	W	T	F	S		
1	2	3	4	5	6	7				12	3		4							1	
8	9	Detail Audit Plan Submitted	11	12	13	14	5	6	7	8	9	10	11	2	3	4	5	6	7	8	
15	16	17	18	19	20	21	12	13	14	15	16	17	18	9	10	11	12	13	14	15	
22	23	24	25	26	27	28	19	20	21	22	23	24	25	16	17	18	19	20	21	22	
29	30	31					26	27	28	29	30	Test of Controls Completed		23	24	25	26	27	28	29	
							Trial Balances & Support Schedules Completed 8/31														
OCTOBER							NOVEMBER							DECEMBER							
S	MT	W	T	F	S	S	S	MT	W	T	F	S	S	S	MT	W	T	F	S		
	1	2	3	4	5	6				12		3		Meetings with Auditors if requested with LFA							1
7	8	9	10	11	2	13	4	Draft Report to Auditor	6	7	8	9	10	2	34	5	6	7		8	
14	15	16	17	18	19	20	11	12	Discussion of Draft - LFA & Auditor	14	15	16	17	9	10	11	12	13	14	15	
21	Draft Schedules & Statements to Auditor	23	24	25	26	27	18	Final Changes	20	21	22	23	24	16	17	18	19	CAFR to Printer	21	22	
28	29	30	31				25	Final Draft CAFR - LFA	27	28	29	30		23	24	25	26	CAFR to GFOA	28	29	
Draft CAFR completed by October 31 (includes Notes & Statistical Section)							Meetings with Auditors if requested with LFA														

Holidays - Green

Key Dates in RFP - Yellow

CITY OF DOVER
Dover, Delaware

TECHNICAL PROPOSAL
FOR PROFESSIONAL AUDITING SERVICES

Janis C. Nesterak, CPA
Faw, Casson & Co., LLP
160 Greentree Drive, Suite 203
Dover, Delaware 19904
Phone Number – 302-674-4305
Fax Number – 302-674-0910
E-Mail – jcn@fawcasson.com
April 13, 2007

CONTENTS

	EXHIBIT
Letter Of Transmittal	A
Firm Profile	B
Requested Information	C
Peer Review Report	D
Personnel	E
Recent Audit Work	F
Audit Approach	G
Proposer Warranties	H

OFFICES
SALISBURY, MD
DOVER, DE
OCEAN CITY, MD



A
MEMBERS
AMERICAN INSTITUTE
OF CERTIFIED
PUBLIC ACCOUNTANTS
AGN INTERNATIONAL

MEMBERS OF THE LEGISLATIVE, FINANCE AND
ADMINISTRATIVE COMMITTEE
CITY OF DOVER
15 East Loockerman Street
Dover, Delaware 19901

Gentlemen:

Faw, Casson & Co., LLP is pleased to respond to the Request for Proposal for Professional Auditing Services for the City of Dover.

We propose to provide the services as detailed in the Request for Proposal dated March 14, 2007 and as discussed in this proposal. We understand the calendar as described in the Request for Proposal and commit ourselves to meeting that timeline.

If selected to be the City's auditors, Janis C. Nesterak will continue to serve as audit partner. Mrs. Nesterak's area of expertise is in governmental auditing and financial reporting. She is the only CPA in Delaware to serve as a judge for the Certificate for Excellence in Financial Reporting Program sponsored by the Government Finance Officers Association. Thus, she brings to the City her experience not only with other governmental units in this area, but also from other units around the Country. Mrs. Nesterak's experience with the financial statements of many entities, combined with her knowledge of and experience with the finances of the City, make her most qualified to assist the City as it grows and becomes more complex.

In addition to Mrs. Nesterak's expertise described above, Faw, Casson & Co., LLP, the largest firm in Dover and on the Delmarva Peninsula, through its own talent and its membership in the AGN International – North America, Inc., is able to provide you with experience and technical expertise beyond what could be developed in a smaller firm. Yet, as a Dover firm, we are available on short notice to help you with projects and problems in areas such as tax advice and compliance, budgeting, grants management and compliance, management consulting, and to offer flexibility in scheduling so as to provide the most efficient and convenient audit service to the City.

This proposal is a firm and irrevocable offer for ninety days.

We would appreciate the opportunity to continue to be of service to the City.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jennings P. Hastings".

Jennings P. Hastings
Managing Partner

FIRM PROFILE

Faw, Casson & Co., LLP, founded in 1944, is in the practice of public accounting, serving clients in various states. The Firm has grown with the area it serves and is presently the largest firm on the Delmarva Peninsula and one of the largest firms in Delaware and Maryland, with offices located in Dover, Delaware and Salisbury and Ocean City, Maryland.

The Firm is proud of the reputation it has achieved through the years for high quality work. Every effort is made to maintain the quality of our professional services. Services to our clients are rendered in the areas of auditing, accounting, taxation, management consulting, computer consulting and data processing.

The partners and staff of Faw, Casson & Co., LLP have the primary responsibility to furnish our clients with the best professional service. Because of our size, we are able to maintain areas of expertise within the Firm and at the same time provide personal attention and service to our clients.

The Firm has undergone an extensive peer review every three years since 1978. In each review, the Firm has received an unqualified report and no letter of comments.

Faw, Casson & Co., LLP continually strives to provide services to our profession and to participate meaningfully in local community affairs. Much time and effort is spent in support of our local, state and national professional organizations. Further, many of our partners devote time to providing leadership in community organizations.

Our Firm is also a Charter Member of the AGN International – North America, Inc. which consists of approximately fifty larger firms throughout the United States. The Association is equal in size to the twelfth largest accounting firm in the world. By belonging to the Association, we are able to pool our resources to better serve our clients.

We are constantly striving to achieve our goal to be a positive contributing force within the accounting profession and to maintain a prestigious firm in the states or jurisdictions in which we practice.

The continued success of our Firm is assured through our dedication to quality work, technical competence and service to our profession and community.

REQUESTED INFORMATION

Faw, Casson & Co., LLP is a properly licensed certified public accounting firm and is independent of the City of Dover as defined by generally accepted auditing standards and the Government Accountability Office's Government Auditing Standards. *Key professional staff*

support

Sharing Specialized Knowledge and Skills

ting and auditing practice of Faw, the year ended May 31, 2004. he year ended May 31, 2004. A il structure and the policies ile assurance of complying with scribed in the Statements on Certified Public Accountants (the e the responsibilities of the firm. system, and the firm's

ished by the Peer Review included procedures to plan and tion of the peer review process. ie system of quality control or all lective tests. Because there are y control, departures from the evaluation of a system of quality f quality control may become of compliance with the policies

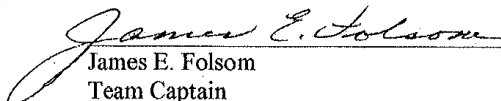
; and auditing practice applicable or the year ended May 31, 2004, rol standards for an accounting lied with during the year then ing with applicable professional

To The Partners of
Faw, Casson & Co., LLP
And the Center for Public Company Audit Firms
Peer Review Committee

We have reviewed the system of quality control for the account Casson & Co., LLP applicable to non-SEC issuers in effect for The firm has informed us that it did not audit SEC-issuers for i system of quality control encompasses the firm's organization adopted and procedures established to provide it with reasonat professional standards. The elements of quality control are de Quality Control Standards issued by the American Institute of AICPA). The design of the system, and compliance with it, ar Our responsibility is to express an opinion on the design of the compliance with that system based on our review.

Our review was conducted in accordance with standards establ Committee of the Center for Public Company Audit Firms and perform the review that are summarized in the attached descrip Our review would not necessarily disclose all weaknesses in tl instances of lack of compliance with it since it was based on se inherent limitations in the effectiveness of any system of quali system may occur and not be detected. Also, projection of any control to future periods is subject to the risk that the system o inadequate because of changes in conditions, or that the degree or procedures may deteriorate.

In our opinion, the system of quality control for the accounting to the non-SEC issuers of Faw, Casson & Co., LLP in effect fc has been designed to meet the requirements of the quality cont and auditing practice established by the AICPA, and was comp ended to provide the firm with reasonable assurance of comply standards.


James E. Folsom
Team Captain



D

Accountants Global Network

October 19, 2004

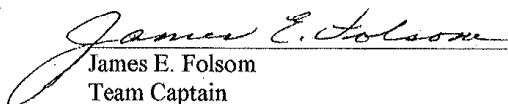
"Sharing Specialized Knowledge and Support"

To The Partners of
Faw, Casson & Co., LLP
And the Center for Public Company Audit Firms
Peer Review Committee

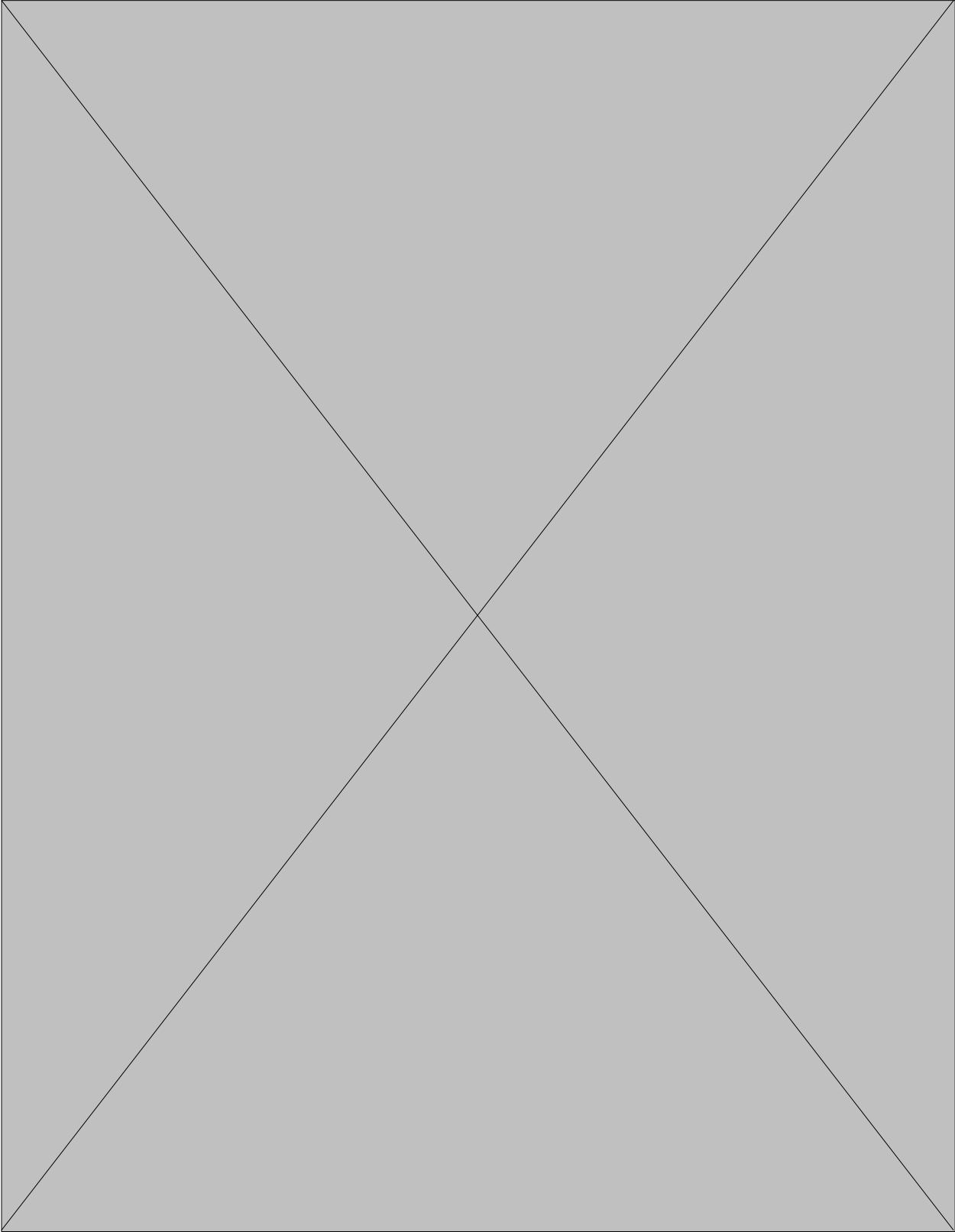
We have reviewed the system of quality control for the accounting and auditing practice of Faw, Casson & Co., LLP applicable to non-SEC issuers in effect for the year ended May 31, 2004. The firm has informed us that it did not audit SEC-issuers for the year ended May 31, 2004. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Faw, Casson & Co., LLP in effect for the year ended May 31, 2004, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.


James E. Folsom
Team Captain

NORTH AMERICA
2851 South Parker Road, Suite 850 • Aurora, CO 80014
Phone: (303) 743-7880 • Fax: (303) 743-7660
<http://www.agn.org>





Planning the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC issuers

To plan the review of Faw, Casson & Co., LLP, we obtained an understanding of (1) the nature and extent of the firm's accounting and auditing practice, and (2) the design of the firm's system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the firm's practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the firm's personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the firm's system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed firm's system of quality control in preventing the performance of engagements that do not comply with professional standards.

Performing the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC issuers

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements within those units to test for compliance with the firm's system of quality control. The engagements selected for review included engagements performed under the Government Auditing Standards, an audit of a Non-Profit Entity, an audit of a Manufacturing Company, and audits of Employee Benefit Plans. The engagements selected for review represented a cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel.

The scope of the peer review also included examining selected administrative and personnel files to determine compliance with the firm's policies and procedures for the elements of quality control pertaining to independence, integrity, and objectivity; personnel management; and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted a meeting with firm management to discuss our findings and recommendations.

PERSONNEL**ENGAGEMENT PARTNER – JANIS C. NESTERAK, CPA**

Mrs. Nesterak, the Firm's Director of Accounting and Auditing, has twenty-nine years of governmental auditing experience. She currently acts as engagement partner for the City of Dover, Delaware and as independent technical reviewer for the City of Harrington and the Boards of Education of Worcester and Wicomico Counties and several Maryland municipalities. She serves on the Special Review Committee of the Government Finance Officers Association. In this capacity, she reviews and judges governmental financial reports submitted to the GFOA for consideration in the Certificate of Achievement for Excellence in Financial Reporting program. She also serves on the Peer Review Committee of the Delaware Society and Pennsylvania Institute of Certified Public Accountants which accepts peer review reports of CPA firms.

She annually completes 40 - 50 hours of Continuing Professional Education (CPE) specifically in the governmental accounting and auditing area. This CPE includes the courses offered by the AICPA, Maryland Association of Certified Public Accountants, Pennsylvania Institute of Certified Public Accountants, Delaware Society of Certified Public Accountants and the Delaware Office of Auditor of Accountants.

Mrs. Nesterak, a Delaware and Maryland CPA, is a member of the American Institute of Certified Public Accountants, Delaware Society of Certified Public Accountants, Maryland Association of Certified Public Accountants and the Government Finance Officer's Association.

INDEPENDENT TECHNICAL REVIEWER – RONALD W. HICKMAN, CPA

Mr. Hickman currently acts as engagement partner for the City of Harrington, various Maryland municipalities and the Boards of Education of Worcester and Wicomico Counties and as independent technical reviewer for the City of Dover. Mr. Hickman, a Maryland CPA, is a member of the American Institute of Certified Public Accountants and the Maryland Association of Certified Public Accountants.

He annually completes 20 - 25 hours of CPE in the governmental accounting and auditing area.

MANAGER – KIMBERLY A. FONDA, CPA

Mrs. Fonda has served on the City of Dover audit team for six years. She also acts as in-charge auditor for several commercial audits and has recently served on audits of Delaware school districts. A Delaware CPA, Mrs. Fonda has eight years of governmental experience and regularly receives 20 hours of CPE specific to the governmental environment. Mrs. Fonda is a certified fraud examiner (CFE). She is a member of the AICPA and DSCPA.

RECENT AUDIT WORK

CITY OF DOVER, DELAWARE

Audit Of Financial Statements And Single Audit – June 30, 2006

Engagement Partner – Janis C. Nesterak

Hours – 675

Client Contact – Donna S. Mitchell, Finance Director
302-736-7018

WICOMICO BOARD OF EDUCATION, MARYLAND

Audit Of Financial Statements And Single Audit – June 30, 2006

Engagement Partner – Ronald W. Hickman

Hours – 400

Client Contact – E. Bruce Ford, Controller
410-677-4557

CITY OF HARRINGTON, DELAWARE

Audit Of Financial Statements – June 30, 2005

Engagement Partner – Ronald W. Hickman

We propose to audit the financial statements of the City of Dover for the years ending June 30, 2007 and 2011. Our audits will be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, Issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. We will also provide assistance to the City to meet the requirements of the GFOA's Certificate of Achievement for Excellence in Financial Reporting program.

As the current auditors for the City, we have an understanding of the City's internal control structure as of June 30, 2006. That knowledge is documented through memos and checklists. For the June 30, 2007 audit, we will update these memos and checklists with City staff. Due to the changes in operations in the electric utility, we will dedicate additional time to interviews of staff and reviews of policies and procedures to determine key areas relative to the purchasing and expenditures cycles of the utility.

We will update our knowledge of laws and regulations that are significant to the audit by review of City Council (and committee) minutes and inquiry of management, finance and grants administration personnel.

Upon completion of the updated documentation of the City's internal control structure, financial reporting and processing procedures, we will make an initial assessment of audit risk. Based on this assessment, we will design our audit steps which will consist of tests of the City's procedures and controls (tests of controls), analytical tests and substantive tests (e.g. confirmations, review of supporting documentation, and observation of operations). We anticipate using tests of controls combined with analytical procedures to audit management's

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AUDIT APPROACH

We propose to audit the financial statements of the City of Dover for the years ending June 30, 2007 through 2011. Our audits will be conducted in accordance with generally accepted auditing standards; Government Auditing Standards, Issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. We will also provide assistance to the City to meet the requirements of the GFOA's Certificate of Achievement for Excellence in Financial Reporting program.

As the current auditors for the City, we have an understanding of the City's internal control structure as of June 30, 2006. That knowledge is documented through memos and checklists. For the June 30, 2007 audit, we will review and update these memos and checklists with City staff. Due to the changes in operations in the electric utility, we will dedicate additional time to interviews of staff and reviews of policies and procedures to determine key controls relative to the purchasing and expenditures cycles of the utility.

We will update our knowledge of laws and regulations that are significant to the audit by review of City Council (and committee) minutes and inquiry of management, finance and grants administration personnel.

Upon completion of the updated documentation of the City's internal control structure, financial reporting and data processing procedures, we will make an initial assessment of audit risk. Based on this assessment, we will design our audit steps which will consist of tests of the City's procedures and controls (tests of controls), analytical tests and substantive tests (e.g. confirmations, review of supporting documentation, and observation of inventories). We anticipate using tests of controls combined with analytical procedures to audit revenues, expenditures and payroll and to use a substantive approach on balance sheet accounts. We expect to perform the test of controls in early June. The samples selected for the tests will be varied depending on the anticipated reliance on these tests, results of prior years' tests, risk assessment, City personnel issues and other factors. It is not anticipated that statistical sampling will be used significantly nor that will any test require a sample in excess of 50.

Analytical procedures will be used in planning stages and as a primary or secondary audit procedure and will include predictive tests, ratios, comparisons to budget and prior year's information.

As the single audit consists of an internal control section and a compliance testing section, we will obtain an understanding of the controls in place to ensure compliance with the requirements associated with each particular major program and then test compliance with those requirements. The nature, timing and extent of the compliance test will depend on the results on the internal control tests.

By July 10, we will provide the City with a detailed audit plan and a list of schedules to be prepared by the City.

At the end of June, we expect to test controls over inventory by taking physical inventory counts at the City's warehouses and fuel storage facilities. Also, at the end of June, we will send confirmations for cash, investments, bonds and pension information.

We do not anticipate a need to use EDP software in the audit.

The City anticipates that it will have all of its individual funds (general, water/wastewater, electric and "small funds") ready for audit by August 31. In September, the audit manager and two staff auditors will perform audit procedures that will include substantive and analytical procedures. We will review the preliminary drafts of these funds' financial statements/schedules as they are completed. Proposed adjusting entries will be presented to the City as they are identified.

AUDIT APPROACH - CONTINUED

In October, we will review successive drafts of the financial statements as they are prepared by the City and will draft management letter recommendations for the City's review. We will work closely with the City's finance department to have the financial statement drafts and auditor communications (and subsequent final versions) to the City's Legislative, Finance and Administrative Committee at the designated times. Dependent upon the City staff's completion of the Schedule of Expenditures of Federal Awards, we will complete the single audit procedures. The extent of these audit procedures will be determined by the number and complexity of the major programs.

Our anticipated staffing and number of hours for this plan is as follows:

Discussions with staff regarding internal controls and fraud and other risks, and preparation of documentation:

Partner	2 Hours
Manager	26 Hours

Review of Council and Committee minutes:

Manager	25 Hours
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Assessment of risk and design of audit programs:

Partner	10 Hours
Manager	50 Hours

Test of Controls:

Staff	40 Hours
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Inventory observation and tests of controls:

Manager	2 Hours
Staff	15 Hours

Third party confirmation requests and follow-up:

Staff	12 Hours
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Performance and review of audit procedures on non-major funds:

Manager	10 Hours
Staff	40 Hours

Performance and review of specific audit procedures on major funds:

General:	
Partner	4 Hours
Manager and Staff	65 Hours
Electric:	
Partner	8 Hours
Manager and Staff	73 Hours
Water/Wastewater:	
Partner	4 Hours
Manager and Staff	39 Hours

AUDIT APPROACH - CONTINUED

Performance and review of audit procedures performed on an all funds basis:

Partner	5 Hours
Manager and Staff	46 Hours

Preliminary review of first draft of major fund financial statements:

Partner	20 Hours
---------	----------

Nature of Services Required.

at it is willing and able to comply with State of Delaware laws with n-state of Delaware) corporations.

at it is willing and able to obtain an errors and omissions insurance dent amount of coverage for the willful or negligent acts, or omissions of es or agents thereof.

hat it will not delegate or subcontract its responsibilities under an a prior written permission of the City of Dover.

at all information provided by it in connection with this proposal is true

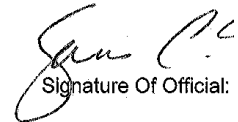


erak

. Co., LLP

set forth in Section II,

- B. Proposer warrants th respect to foreign (no
- C. Proposer warrants th policy providing a pru any officers, employe
- D. Proposer warrants t agreement without th
- E. Proposer warrants th and accurate.



Signature Of Official:

Name: Janis C. Nest

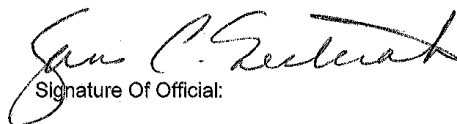
Title: Partner

Firm: Faw, Casson &

Date: April 13, 2007

PROPOSER WARRANTIES

- A. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.
- B. Proposer warrants that it is willing and able to comply with State of Delaware laws with respect to foreign (non-state of Delaware) corporations.
- C. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- D. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Dover.
- E. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.



Signature Of Official:

Name: Janis C. Nesterak

Title: Partner

Firm: Faw, Casson & Co., LLP

Date: April 13, 2007



How Clifton Gunderson Can Be an Asset to the City of Dover

Technical Section

Proposal to Provide Professional Auditing Services

Request for Proposal 07-0048FN

April 18, 2007

COPY

Prepared by:

Clifton Gunderson LLP

J. Michael Stephens, CPA, CFE, CGFM
Partner
9515 Deereco Road, Suite 500
Timonium, Maryland 21093
888-778-9588
Mike.Stephens@cliftoncpa.com

www.cliftoncpa.com



Table of Contents (Section B.1.b)

Transmittal Letter (Section 4.a.iii)..... 1

Technical Proposal (Section B)

Independence (Section B.2) 3

License to Practice in Delaware (Section B.3) 3

Firm Qualifications and Experience (Section B.4) 3

Partner, Supervisory and Staff Qualifications and Experience (Section B.5) 8

Similar Engagements with Other Government Entities (Section B.6) 16

Specific Audit Approach (Section B.7)..... 18

Proposed Segmentation of Engagement (Section B.7.a)18

Staff Assigned to Each Proposed Segment of Engagement (Section B.7.b)18

Sample Sizes and the Extent Statistical Sampling is to be Used (Section B.7.c).....18

Extent and Use of EDP Software on the Engagement (Section B.7.d).....20

Type and Extent of Analytical Procedures to be Used (Section B.7.e)20

Approach to be Taken to Gain and Document an Understanding of the City of Dover's

Internal Control Structure (Section B.7.f).....21

Approach to Determining Laws and Regulations Subject to Test Work (Section B.7.g)22

Approach to Drawing Audit Samples for Purposes of Tests of Compliance (Section B.7.h).....22

Identification of Potential Audit Problems (Section B.8)..... 24

Conclusion 25

Attachment A: License to Practice in the State of Delaware

Attachment B: Peer Review Report

Attachment C: Professional Resumes

Attachment D: Proposer Warranties

Transmittal Letter (Section 4.a.iii)

April 18, 2007

Ms. Donna S. Mitchell
Treasurer/Finance Director
15 East Lookerman Street
Dover, Delaware 19901

Dear Ms. Mitchell:

Thank you for considering Clifton Gunderson as a provider of audit services for the City of Dover (the City).

We understand that the City is seeking a qualified CPA firm to audit its financial statements for the fiscal years 2007 through 2011. The audits will be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's *Government Auditing Standards* (2006), the provisions of the Single Audit Act of 1984 (as amended by the Single Audit Act of 1996) and US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as the *City of Dover, Charter, Article IV*.

We are confident that our substantial experience providing audit and accounting services to cities and other governmental entities, bolstered by our service-oriented philosophy and depth of resources, will make Clifton Gunderson the ideal candidate to fulfill the scope of your audit. We are committed to performing this work within the desired time periods established in Request for Proposal 07-0048FN, and have the knowledge and resources to complete the engagement in an efficient and effective manner.

Following is a sampling of qualities that set Clifton Gunderson apart from other firms:

- **Experience.** The City will be served by members of our local Government Services Team, which has one of the fastest growing governmental practices in the State of Delaware. In addition to over 60 governmental clients in Maryland, Pennsylvania and Virginia, this team currently performs audit engagements for a variety of Delaware-based governmental entities, such as Delaware State University and New Castle County. In fact, due to the continued growth of our Delaware-based governmental practice, Clifton Gunderson recently announced the opening of a new office in Newark, Delaware, which we intend to be full service and open by June 1.
- **Understanding.** The members of our local Governmental Services Team have a thorough understanding of the issues and challenges faced by governmental entities in Delaware. For example, Lori Stoughton, the senior audit manager assigned to your engagement team, recently joined Clifton Gunderson from the State of Delaware, where she served as deputy auditor of the

State. Her knowledge, combined with the insight of our seasoned, local professionals will allow for a more efficient, effective engagement – saving you time and money.

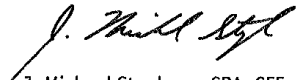
- **Resources.** In addition to the over 100 members of our local Governmental Services Team, the City will have access to Clifton Gunderson's extensive network of governmental resources, including key members of the firm-wide Governmental Services Team.

Clifton Gunderson takes no exceptions to the requirements of the Request for Proposal (RFP). Our proposal is a firm and irrevocable offer for ninety (90) days after the proposal due date.

We appreciate being considered for this work and assure you, if it is entrusted to us, that you will receive the high level of close, personal attention that you deserve. We would be pleased to discuss this proposal in greater detail and make a presentation to you as you prepare to select a CPA firm. Please contact me at 888-778-9588 or Mike.Stephens@cliftoncpa.com to answer any questions.

Sincerely,

CLIFTON GUNDERSON LLP



J. Michael Stephens, CPA, CFE, CGFM
Partner

Technical Proposal (Section B)

Independence (Section B.2)

Clifton Gunderson is independent of the City of Dover as defined by generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards*.

Clifton Gunderson has not had any professional relationships involving the City of Dover or any of its agencies for the past five (5) years.

We understand that we shall provide the City written notice of any professional relationships entered into during the period of this agreement.

License to Practice in Delaware (Section B.3)

Clifton Gunderson LLP is licensed to practice public accounting in the State of Delaware. The firm's license to practice in the State of Delaware is included in **Attachment A**.

J. Michael Stephens, the partner-in-charge of your engagement, will apply to become licensed in the State of Delaware upon award notification and prior to commencing work. Keith Novak, the unassociated audit review partner, and Lori Stoughton, the senior audit manager, possess certified public accountant licenses for the State of Delaware. All CPAs working on this engagement either have or will obtain necessary state licensure to properly practice in Delaware.

Firm Qualifications and Experience (Section B.4)

Working with Governmental Entities

Clifton Gunderson is one of the largest governmental audit practices in the country. We currently serve governmental entities nationwide, including cities, counties, state agencies, housing authorities, and local services teams. Our Governmental Services Team has experience in all aspects of governmental auditing, financial reporting, and has assisted several clients in earning and retaining the highest level of excellence in Financial Reporting.

Our experience in providing services to state and local governmental

Extensive Experience Serving Governmental Entities

Clifton Gunderson has one of the largest governmental audit practices in the country, serving more than 1,000 governmental entities nationwide, including cities, counties, state agencies, housing authorities, and local services teams. Our Governmental Services Team has experience in all aspects of governmental auditing, financial reporting, and has assisted several clients in earning and retaining the highest level of excellence in Financial Reporting. We have received a Certificate of Achievement for our work with governmental entities.

The following table highlights our experience with governmental entities nationwide:

Extensive Experience Serving Governmental Entities

Clifton Gunderson has one of the largest governmental audit practices in the country. We currently serve more than 1,000 governmental entities nationwide, including cities, counties, state agencies, housing authorities, etc. Our Governmental Services Team has experience in all aspects of governmental auditing, accounting and consulting engagements, and has assisted several clients in earning and retaining the Certificate of Achievement for Excellence in Financial Reporting.

The following table highlights our experience in providing services to state and local governmental entities nationwide:

	<u>States & State</u>						
	<u>Agencies</u>	<u>Counties</u>	<u>Municipalities</u>	<u>Higher Education*</u>	<u>Housing Authorities</u>	<u>School Districts</u>	<u>Pensions</u>
Arizona	X			X			X
Colorado	X	X	X	X	X	X	X
Delaware		X		X			
District of Columbia					X		
Georgia	X						
Idaho							X
Illinois	X	X	X	X	X	X	
Indiana	X		X				X
Iowa		X	X	X	X	X	
Kansas	X						
Maryland	X	X	X	X	X	X	X
Mississippi	X						
Missouri				X			
Nevada	X						X
New York							X
North Carolina	X				X		
Ohio			X				X
Pennsylvania	X			X			X
South Carolina	X						
Texas			X	X		X	X
Virginia	X	X	X	X		X	X
Washington	X						
West Virginia				X			
Wisconsin	X	X	X	X	X	X	X

Locally, the professionals who will serve the City currently serve over 70 governmental entities, including numerous cities, county governments, and specialized taxing districts and authorities in the Mid-Atlantic region. The City will benefit from this valuable expertise.

Federal A-133 Audit Clients, Continued

- Carroll County Board of Education
- Cecil Community College
- Civic Works
- Community Colleges of Baltimore County
- Delaware County Community College
- District of Columbia Housing Authority
- Frederick Community College
- Frederick County Board of Education
- Harford Community College
- Harford Community Action Agency
- Harford County Board of Education
- Housing Authority of Baltimore City
- Howard Community College
- Howard County Board of Education
- Maryland Committee for Children
- Montgomery County Public Schools
- Montgomery Housing Opportunities Commission
- Newport News Board of Education
- Northern Virginia Regional Commission
- Queen Anne's County, Maryland

The staff members assigned to your audit have performed hundreds of such audits and have received specialized training in governmental accounting, auditing and financial reporting. In addition, they receive training on the compliance requirements of OMB Circular A-133 and the use of the related compliance supplements.

Size of Governmental Audit Practice

Over 100 professionals comprise our local Governmental Services Team. These individuals serve governmental entities in Delaware, Maryland and surrounding states, as well as clients across the country. Additionally, we have access to firm-wide experts and resources as needed to fulfill the requirements of the contract.

Location from Which the Work Will Be Performed

The City will be served by members of our local Governmental Services Team, currently staffed by professionals in our Baltimore, Maryland office. Due to the growth of our Delaware and greater Philadelphia governmental practice, Clifton Gunderson recently announced the opening of a new office in Delaware, which we intend to be full service and open by June 1. We anticipate that work for this engagement will be performed from both the Baltimore, Maryland and Delaware offices.

Federal A-133 Audit Clients, Continued

- Carroll County Board of Education
- Cecil Community College
- Civic Works
- Community Colleges of Baltimore County
- Delaware County Community College
- District of Columbia Housing Authority
- Frederick Community College
- Frederick County Board of Education
- Harford Community College
- Harford Community Action Agency
- Harford County Board of Education
- Housing Authority of Baltimore City
- Howard Community College
- Howard County Board of Education
- Maryland Committee for Children
- Montgomery County Public Schools
- Montgomery Housing Opportunities Commission
- Newport News Board of Education
- Northern Virginia Regional Commission
- Queen Anne's County, Maryland

The staff members assigned to your audit have performed hundreds of such audits and have received specialized training in governmental accounting, auditing and financial reporting. In addition, they receive training on the compliance requirements of OMB Circular A-133 and the use of the related compliance supplements.

Size of Governmental Audit Practice

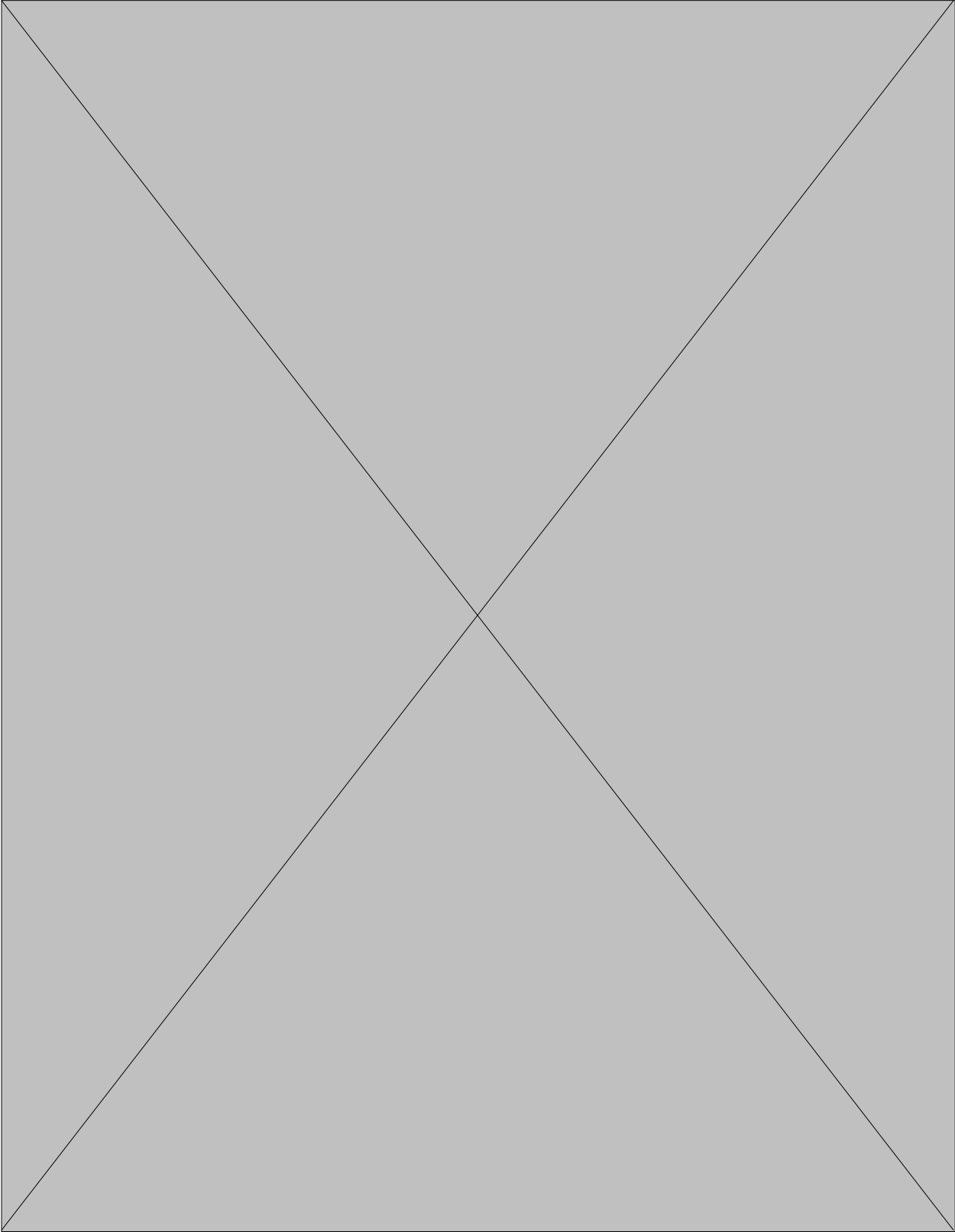
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Location from Which the Work Will Be Performed

The City will be served by members of our local Governmental Services Team, currently staffed by professionals in our Baltimore, Maryland office. Due to the growth of our Delaware and greater Philadelphia governmental practice, Clifton Gunderson recently announced the opening of a new office in Delaware, which we intend to be full service and open by June 1. We anticipate that work for this engagement will be performed from both the Baltimore, Maryland and Delaware offices.

Following is the address of the Baltimore office (also the local Governmental Services Team headquarters):

Timonium Corporate Center
 9515 Deereco Road, Suite 500
 Timonium, Maryland 21093
 888-778-9588



engagements. A copy of our most recent peer review report, dated December 14, 2004, has been included in **Attachment B**.

- Clifton Gunderson has also developed a quality control manual to dictate the quality control standards and policies of our firm. These standards often exceed requirements set forth by professional standards and governmental guidelines. To monitor the adherence to policies and procedures, and to assure the quality and accuracy of services provided meet our high standard of client services, each office must have a regular internal examination performed by professionals from other firm offices.
- We follow quality control standards as prescribed by the AICPA and the Government Accountability Office. A partner-in-charge is involved in the planning, fieldwork and post fieldwork review. In addition, a second partner reviews the audit prior to issuance of the reports.

Federal or State Desk Reviews or Field Reviews

Clifton Gunderson has been subject to several federal and state desk reviews by state oversight agencies during the past three years, and we have had no findings. In addition, our government audits are subject to review by each agency’s Office of Inspector General, as well as the U.S. Government Accountability Office. The results of these reviews indicated that our reports and workpapers met all reporting requirements specific to the engagement and that the workpapers complied with all specified criteria.

Disciplinary Actions Taken

There have been no terminations or disciplinary actions taken, and there are none pending, against Clifton Gunderson during the past three years with any regulatory bodies or professional organizations.

Partner, Supervisory and Staff Qualifications and Experience (Section B.5)

The professionals at Clifton Gunderson operate as a team. We have found that the best way to thoroughly meet the needs of our clients is to work together, utilizing each other’s areas of specialty. Our partners and managers stay closely involved with all of our clients, so you know your engagement will be handled with the highest degree of accuracy and professionalism.

We have structured your client service team to provide you with the most experience with audit and accounting issues related to city governments. Our team of professionals is knowledgeable about the changing rules, regulations, standards, and market trends you face, and spend upwards of 60 percent of their time working solely with the government sector. Furthermore, our national network of CPAs and consultants means that if you need specialized help, we have a professional on staff who can provide it.

The close, personal attention from our senior level personnel, combined with our low partner-to-staff ratio, sets Clifton Gunderson apart from many other CPA firms.

As previously noted, all CPAs assigned to your engagement team either have or will obtain necessary state licensure to practice in Delaware upon contract award.

Your engagement team will include the following members of our Local Governmental Services Team:

J. Michael Stephens, CPA, CFE, CGFM – Engagement Partner-in-Charge

As the partner-in-charge of the City's engagement team, Mike will oversee all engagement responsibilities for the audit, including reviewing the audit program, coordinating activities with the senior audit manager, and directing all meetings with the City. Mike will be available throughout the engagement and at any time during the year.

Mike specializes in governmental auditing and accounting services, including the audits of state, local and federal entities. He also has experience in dealing with fraud, having worked on approximately 30 fraud engagements with all types of organizations, including government and nonprofit entities.

During his career of more than 21 years, Mike has developed significant state and local government audit experience. His recent state and local government clients include Arlington County, Virginia; Maryland Environmental Service; Anne Arundel County, Maryland; Queen Anne's County, Maryland; Arlington County Public Schools; City of Havre de Grace, Maryland; City of Greenbelt, Maryland; Northern Virginia Regional Commission; District of Columbia Housing Authority; Housing Authority of Baltimore City; and Arlington County Employees' Retirement System.

Mike is a member of the Association of Government Accountants, American Institute of Certified Public Accountants, Maryland Association of Certified Public Accountants and the Association of Certified Fraud Examiners. He has a bachelor of science degree with a major in accounting from Loyola College in Maryland.

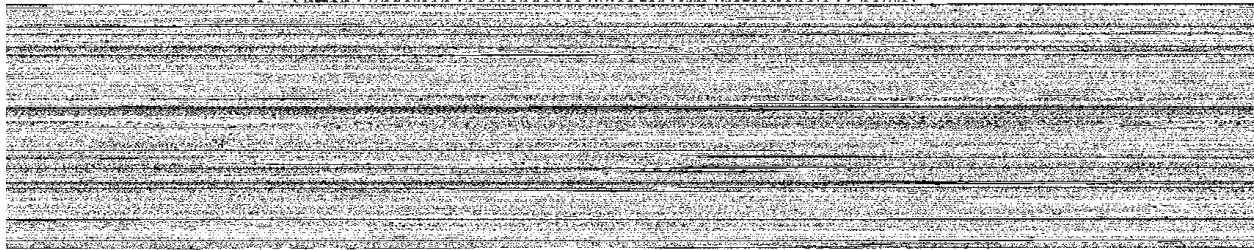
His relevant continuing professional education during the past three years has included:

2006

- Clifton Gunderson Designated Single Audit Reviewer Webcast (2 hours)
- MACPA 2006 Government and Not-for-Profit Conference (8 hours)
- Clifton Gunderson Evaluation Training (1.5 hours)
- Clifton Gunderson Auditing Updates Training (8 hours)
- AHACPA PHA Financial Conference (16 hours)
- Clifton Gunderson Single Audits (4 hours)
- Business Learning Institute Ethics: Approaches and Application (4 hours)
- Clifton Gunderson Annual Assurance Services Conference (16.5 hours)
- AICPA Accounting for Leases (2 hours)

2005

- AICPA Standards Update and Implementation Guide (6 hours)
- MACPA 2005 Government and Not-for-Profit Conference (8 hours)



of

Accountants, and the Maryland Association of Certified Public Accountants. Keith has a bachelor science degree with a major in accounting from the University of Maryland.

His recent relevant continuing professional education for the past three years includes:

2006

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- Maryland Government Finance Officers Association Winter Conference (6 hours)
- Maryland Association of CPA's "Yellow Book Update," presenter (1 hour)
- Government Finance Officers Association of United States and Canada Annual Conference (8 hours)
- Clifton Gunderson Audit Updates Seminar (8 hours)
- Maryland Government Finance Officers Association Summer Conference (6 hours)
- Maryland Association of Community Colleges Annual Update (1 hour)
- Maryland Association of Certified Public Accountants Ethics: Approaches and Applications (4 hours)

rs (4

2005

date (8

- Maryland Government Finance Officers Association GASB Update (3 hours)
- Clifton Gunderson Independence Rules for Firm Professionals (4 hours)
- Maryland Association of Certified Public Accountants Government and Not-for-Profit Update (8 hours)
- Maryland Government Finance Officers Association Intermediate Government Accounting instructor (20 hours)
- Maryland Association of Community College Business Officers GASB Nos. 43 and 45 Update instructor (2 hours)
- Maryland Association of Government Finance Officers Association Summer Conference (6 hours)
- Clifton Gunderson Intermediate Government Accounting- instructor (6 hours)
- Clifton Gunderson Single Audit Update (1 hour)
- Clifton Gunderson Audits of Community Colleges (2 hours) - Instructor
- Clifton Gunderson Audits of Higher Education (4 hours) - Instructor

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9 hours)

2004

Accountants, and the Maryland Association of Certified Public Accountants. Keith has a bachelor of science degree with a major in accounting from the University of Maryland.

His recent relevant continuing professional education for the past three years includes:

2006

- Maryland Government Finance Officers Association Winter Conference (6 hours)
- Maryland Association of CPA's "Yellow Book Update," presenter (1 hour)
- Government Finance Officers Association of United States and Canada Annual Conference (10 hours)
- Clifton Gunderson Audit Updates Seminar (8 hours)
- Maryland Government Finance Officers Association Summer Conference (6 hours)
- Maryland Association of Community Colleges Annual Update (1 hour)
- Maryland Association of Certified Public Accountants Ethics: Approaches and Applications (4 hours)

2005

- Maryland Government Finance Officers Association GASB Update (3 hours)
- Clifton Gunderson Independence Rules for Firm Professionals (4 hours)
- Maryland Association of Certified Public Accountants Government and Not-for-Profit Update (8 hours)
- Maryland Government Finance Officers Association Intermediate Government Accounting-instructor (20 hours)
- Maryland Association of Community College Business Officers GASB Nos. 43 and 45 Update-instructor (2 hours)
- Maryland Association of Government Finance Officers Association Summer Conference (9 hours)
- Clifton Gunderson Intermediate Government Accounting- instructor (6 hours)
- Clifton Gunderson Single Audit Update (1 hour)
- Clifton Gunderson Audits of Community Colleges (2 hours) - Instructor
- Clifton Gunderson Audits of Higher Education (4 hours) - Instructor

2004

- AICPA CPE Direct (8 hours)
- Clifton Gunderson Audit and Accounting Update (8 hours)
- Maryland Government Finance Officers Association Winter Technical Update (3 hours)
- AICPA The Big Picture (1.5 hours)
- AICPA Audit and Accounting Independence (3.5 hours)
- Clifton Gunderson Assurance Services Training (12 hours)
- Maryland Government Finance Officers Association GASB# 40 - Everything You Want to Know - Instructor (2 hours)
- Government Finance Officers Association New Implementation Guidance from GASB (1 hour)
- Government Finance Officers Association Applying the Latest Audit Guidance (2 hours)

- Government Finance Officers Association Rooting Out Fraud in the Public Sector (2 hours)
- Government Finance Officers Association Accounting for Postretirement Healthcare (2 hours)
- AICPA Spring Standards Update and Implementation (4 hours)
- Clifton Gunderson GASB Update (2 hours)
- Clifton Gunderson Government Day (8 hours)
- North Carolina Government Finance Officers Association Summer Meeting (5 hours)
- Clifton Gunderson Independence Update and SAS 99 (3 hours)
- Clifton Gunderson Audit and Accounting Update (4 hours)

Lori Stoughton, CPA, CICA - Senior Audit Manager

As the senior manager of your engagement team, Lori will be responsible for the overall direction of the engagement and will be one of your day-to-day contacts. She will also be available throughout the engagement and at any time during the year.

Lori has been actively involved in the performance of financial and compliance audits of government entities for more than 13 years. She is an expert in the performance of single audits and GASB implementation, and recently joined Clifton Gunderson from the State of Delaware, where she served as deputy auditor of the State. In this position, she managed an extensive number of financial statement audits, performance audits and agreed-upon procedures, and was responsible for providing training to municipal governments regarding GASB 43 and 45 requirements for Other Post Employment Benefits.

Prior to her work with Delaware, Lori was employed by a "Big 4" accounting firm and served as a senior

e (6.5 hours)

(19 hours)

hours)

2006

- State of Delaware Division of Revenue Tax Conference
- GFOA Government GAAP Update (4 hours)
- KPMG Single Audit (4 hours)
- Thomson Risk Assessment (12 hours)
- Government Finance Officers Association Conference

2005

- AICPA Tax Planning (15 hours)
- KPMG SOX in Government (3 hours)
- National State Auditors Association Conference (16 hours)
- AOA Financial Statement Audit (5 hours)
- AOA Professional Ethics (3 hours)

2004

2006

- State of Delaware Division of Revenue Tax Conference (6.5 hours)
- GFOA Government GAAP Update (4 hours)
- KPMG Single Audit (4 hours)
- Thomson Risk Assessment (12 hours)
- Government Finance Officers Association Conference (19 hours)

2005

- AICPA Tax Planning (15 hours)
- KPMG SOX in Government (3 hours)
- National State Auditors Association Conference (16 hours)
- AOA Financial Statement Audit (5 hours)
- AOA Professional Ethics (3 hours)

2004

- NASCAT Ethics (2 hours)
- AICPA Professional Ethics (18 hours)
- AICPA Government Accounting Update (16 hours)
- AOA Internal Controls (4 hours)

Charles Kelly, Audit Manager

Chuck will serve as an audit manager assigned to the engagement team, and will perform fieldwork. Chuck has over four years of experience specializing in auditing and accounting with an emphasis on governmental entities. He is thoroughly versed in single audits, and is actively involved in the financial and compliance audits of a number of our governmental clients, including the State of South Carolina, Delaware County Community College and Howard Community College. He holds a master's degree in accounting and a bachelor of science degree with a double major in accounting and finance from Virginia Polytechnic Institute.

His relevant continuing professional education during the past three years has included:

2006

- Clifton Gunderson Assurance Update (8.5 hours)
- Clifton Gunderson Ethics: Approaches and Applications (4 hours)
- Clifton Gunderson Software Training (4 hours)
- Clifton Gunderson Single Audits (4 hours)
- Clifton Gunderson CAAT Software Training (8 hours)
- Clifton Gunderson Wisdom (26.5 hours)
- Lazard Dana SFA Training (24 hours)

2005

- Clifton Gunderson Nonprofit Training (3 hours)
- Clifton Gunderson Community College Audit Training (4 hours)
- Clifton Gunderson Single Audit Training (4 hours)
- Clifton Gunderson Independence Rules for Firm Professionals (4 hours)
- MACPA Government Day (8 hours)
- Clifton Gunderson Audit and Accounting Procedures Update (8 hours)
- MGFOA Spring Conference (3 hours)

2004

- Clifton Gunderson Financial Institutions/Credit Unions (8 hours)
- Clifton Gunderson Audit and Accounting Conference (8 hours)
- Clifton Gunderson Government Day (8 hours)
- Clifton Gunderson State and Local Government Training (8 hours)
- AICPA Intermediate Staff Training (9.5 hours)

Michael A. DaGrossa, CISSP, CCE, CEH, Senior IT Manager – Information Technology Resource

Mike will be available as a key IT resource, and will be available throughout the engagement. He has over ten years of experience, and provides solutions-oriented IT risk management services to organizations of all types and sizes. Formerly with AIG, Michael created and led the company's IT Risk Management Group. Michael's expertise lies in information security strategy, computer forensics, system design and implementation, and business continuity and disaster recovery planning. He has a proven track record of managing audits and regulatory compliance from an IT perspective.

Michael is a member of the AIG Global Security Steering Committee, AIG Global TRC Technical Review Committee and the ASIS. In addition, he is program director for the Board of Directors Infragard. He has a bachelor of science degree with a major in business management from the University of Phoenix.

Staff Assigned to the Engagement Team

In addition, we will assign senior associates and associates with governmental audit experience as needed to assist in performing the assigned audit tasks. These staff members will be determined based on the final scheduling of audit tasks with management.

Staff Continuity

It is the policy of the firm to consistently maintain the same staff on engagements to ensure continuity to the client. This will allow us to maximize efficiencies, and reduce the learning curve of a new engagement team. These professionals are knowledgeable about the changing rules, regulations, standards, and trends affecting state, local and federal governmental agencies.

Project assignments are based on experience and expertise, the degree of technical proficiency required, timing and workload levels, and the supervisory staff to be involved in a specific engagement. We clearly understand that our ability to serve our clients lies in the quality of our staff.

Quality of Staff During the Engagement

The firm is dedicated to ensuring only the highest-quality staffing arrangements for each of its clients. Our firm requires all partners and staff to annually participate in a minimum of 40 hours of continuing professional education courses. This includes a minimum of 24 hours every two years directly related to governmental auditing in accordance with the standards set forth in the Yellow Book.

Changes in Supervisory Staff

Engagement partners, managers, other supervisory staff and specialists may be changed if they leave the firm, are promoted or assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. We understand, as stated in the RFP, that the City retains the right to approve or reject replacements.

Changes in Audit Personnel

We understand that other audit personnel may be changed at our discretion provided that replacements have substantially the same or better qualifications or experience.

The local office that will serve the City is a finalist in the Baltimore Business

Journal's 2007 Best Places to Work Awards

Program ... this speaks volumes of the

firm's commitment to recruiting

and retaining

high-quality

professionals.



Similar Engagements with Other Government Entities (Section B.6)

Following is a sampling of significant engagements performed in the last three years by the members of our local team. We encourage you to contact these references to learn more about our experience and commitment to quality client services.

New Castle County, Delaware

87 Reads Way

New Castle, Delaware 19720

Contact: Mr. Michael Strine

Title: Chief Financial Officer

Phone: 302-395-5279

Services Provided: Financial statement audit in accordance with Governmental Auditing Standards and single audit in accordance with OMB Circular A-133

Length of Service: May 2006 – Present

Hours: 1,200

Partner-in-Charge: Keith F. Novak

Town of Ocean City, Maryland

P.O. Box 158

Ocean City, Maryland 21843

Contact: Ms. Martha Bennett

Title: Finance Officer

Phone: 410-289-8941

Services Provided: Financial statement audit in accordance with Governmental Auditing Standards and single audit in accordance with OMB Circular A-133

Length of Service: June 2002 – Present

Hours: 600

Partner-in-Charge: Keith F. Novak

Dover Federal Credit Union

P.O. Box 02009

Dover Air Force Base, Delaware 19902

Contact: David Clendaniel

Title: Chief Executive Officer

Phone: 302-678-8646

Services Provided: Financial statement audit

Length of Service: 2004 – Present

Hours: 400

Clifton Gunderson Partner-in-Charge: Mark W. Gillett



In addition to the references above, our local office has provided auditing and accounting services to a variety of government entities in the last three years. A sampling of these similar in scope to the City is as follows:

States, Counties and Cities

Specific Audit Approach (Section B.7)

Our audit objective extends beyond the issuing of an opinion on financial statements. We believe that good audit will yield substantial information for management and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. An effective audit performed by our team and focused on the City will also provide:

- An objective look at your policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas
- An analysis of trends and unusual variations from year-to-year
- Protection for current and future resources through improved internal controls
- A deterrent to embezzlement and other fraudulent activities

Proposed Segmentation of the Engagement (Section B.7.a)

We will conduct our audit of the City in four primary phases:

- Phase 1 - Planning
- Phase 2 - Internal Control and Documentation (Fieldwork)
- Phase 3 - Testing and Review (Fieldwork)
- Phase 4 - Reporting and Meetings

Staff Assigned to Each Proposed Segment of the Engagement (Section B.7.b)

The following chart provides information regarding level of staff and number of hours to be assigned to each proposed segment of the engagement:

Engagement Segment	Number of Hours by Staff Level				Total
	Partner	Managers	Supervisory Staff	Audit Staff	
Planning	8	16	28	8	60
Fieldwork	17	46	133	114	310
Reporting and Meetings	8	16	32	4	60
Single Audit	4	10	32	24	70
Total Hours	37	88	224	150	500

Specific Audit Approach (Section B.7)

Our audit objective extends beyond the issuing of an opinion on financial statements. We believe that a good audit will yield substantial information for management and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. An effective audit performed by our team and focused on the City will also provide:

- An objective look at your policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas
- An analysis of trends and unusual variations from year-to-year
- Protection for current and future resources through improved internal controls
- A deterrent to embezzlement and other fraudulent activities

Proposed Segmentation of the Engagement (Section B.7.a)

We will conduct our audit of the City in four primary phases:

- Phase 1 - Planning
- Phase 2 - Internal Control and Documentation (Fieldwork)
- Phase 3 - Testing and Review (Fieldwork)
- Phase 4 - Reporting and Meetings

Staff Assigned to Each Proposed Segment of the Engagement (Section B.7.b)

The following chart provides information regarding level of staff and number of hours to be assigned to each proposed segment of the engagement:

Engagement Segment	Number of Hours by Staff Level				Total
	Partner	Managers	Supervisory Staff	Audit Staff	
Planning	8	16	28	8	60
Fieldwork	17	46	133	114	310
Reporting and Meetings	8	16	32	4	60
Single Audit	4	10	32	24	70
Total Hours	37	88	224	150	500

Sample Sizes and the Extent to which Statistical Sampling is to be Used (Section B.7.c)

We extensively use statistical and non-statistical sampling during our audits of governmental entities. The sampling techniques vary depending upon the nature of the test, such as internal control reliance, substantive testing and transactional testing. Our sample sizes are directly related to the various risks (inherent and control) associated with the item being tested, confidence level to be obtained and overall materiality. Our sample sizes generally range to 30 items for control and transactional testing. The samples for substantive testing are highly dependent upon the balance of the account being tested and the materiality of the engagement.

We plan to determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. Our strategy for the EDP review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes.

During the planning phase of the engagement, we plan to gain an understanding of the City's operations by reviewing their current controls and control objectives as documented. We will also review prior years' audit work and the status of corrective actions. Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will also develop preliminary estimates of materiality to assist in developing our audit plan. We will then proceed to assess the significant computer-related controls.

For those controls that we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and to provide recommendations to improve internal controls. For those controls we deem to be effectively designed, we will perform testing to determine that they are operating as intended through a combination of procedures, including observation, inquiry, inspection, and re-performance.

Our audit service is designed to protect the interests of management by concentrating on high-risk areas. Risk identification is the first step of the audit process, providing the basis upon which the overall plan is developed. Our risk assessment process involves consideration of the following types of risk:

- Inherent risk - the risk that an error in the accounting and reporting process may occur
- Control risk - the risk that internal control systems designed to prevent or detect errors may fail
- Audit detection risk - the risk that audit procedures may fail to detect errors

Through careful consideration of the above risks and their interrelationships, we will develop an audit plan and related programs that concentrate our efforts on those elements of your financial statements that involve the greatest risk. At the same time, we will avoid the unnecessary application of commonplace and traditional procedures to low-risk areas.

We expect that the majority of our audit hours will be concentrated in the high-risk areas.

Extent of Use of EDP Software in the Engagement (Section B.7.d)

Virtually all of our larger governmental clients have highly sophisticated computerized accounting systems. We will employ EDP Software throughout the entire audit to ensure efficiency and effectiveness.

Extent of Use of EDP Software in the Engagement (Section B.7.d)

Virtually all of our larger governmental clients have highly sophisticated computerized accounting systems. We will employ EDP Software throughout the entire audit to ensure efficiency and effectiveness.

Throughout the audit we will employ the use of CAATs to increase efficiency and effectiveness. The key CAATs that we will use are as follows:

- **ACL** - ACL benefits the audit process through:
 - Built-in audit functionality including powerful, audit specific commands and a self-documenting audit trail
 - 100 percent data coverage, which means certain audit procedures can be performed on entire populations, not just samples
 - Unparalleled data access allows us to access and analyze data from virtually any computing environment
 - Eliminates the need to extrapolate information from errors (a common effort when manually auditing data) and allows for more precise conclusions
- **DataImport** - DataImport is data conversion software that translates text-based data from virtually any source into nearly 40 database and spreadsheet formats, including Access, Excel, HTML tables, dBase applications, and many others. We use DataImport to extract data out of mainframe reports and data dumps, print-to-disk files, downloaded information, e-mail, or any other text file accessible on a PC.

These tools will allow us to more efficiently and effectively test the customer and vendor databases for sampling purposes.

Type and Extent of Analytical Procedures to be Used (Section B.7.e)

Preliminary Analytical Procedures will assist in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter. These procedures will focus on enhancing our understanding of the financial results. These procedures are also used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.

In performing our substantive testing, our audit efficiency initiative provides that we think analytically first. By thinking analytically first, we can we can better understand the specific account balance being tested and determine if the current balance or relationship with other account balances appears reasonable. We will also employ analytical testing on smaller and/or lower risk accounts and cycles to maintain efficiency and to meet milestones.

Approach to be Taken to Gain and Document an Understanding of the City of Dover's Internal Control Structure (Section B.7.f)

During the planning and internal control phases of our audit, we will develop our understanding of the



Approach to Determining Laws and Regulations Subject to Test Work (Section B.7.g)

The determination of the laws and regulations that will be subject to audit test will be based on the following:

- Review of the City of Dover Code of Ordinances
- Review of Delaware State Code, as it applies to municipalities
- Review of the Code of Federal Regulations related to the City's major program
- Review of prior auditor's workpapers
- Inquiries of management, legal counsel and appropriate personnel

Approach to Drawing Audit Samples for Purposes of Tests of Compliance (Section B.7.h)

Populations Greater than 100

Audit samples for purposes of compliance testing for populations greater than 100 are drawn randomly from the population of transactions utilizing applicable numerical sample techniques. These techniques consider confidence level, tolerable error and attribute risk in determining sample sizes. As discussed previously, we will use dual-purpose testing whenever possible to increase audit efficiency.

Populations Less than 100

Audit samples for purposes of compliance testing for populations less than 100 are 25 percent of the population or the identification and testing of individually significant transactions to obtain adequate population coverage.

Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, we will issue:

- 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.
- A report on compliance and internal control over financial reporting based on an audit of the financial statements.

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Approach to Determining Laws and Regulations Subject to Test Work (Section B.7.g)

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- Review of the Code of Federal Regulations related to the City's major program
- Review of prior auditor's workpapers
- Inquiries of management, legal counsel and appropriate personnel

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Populations Less than 100

The samples for purposes of compliance testing for populations less than 100 are 25 percent of the population or the identification and testing of individually significant transactions to obtain adequate population coverage.

Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, we will issue:

- 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.
- A report on compliance and internal control over financial reporting based on an audit of the financial statements.
- A report on compliance and internal control over compliance applicable to each major federal program.

In the required report(s) on compliance and internal controls, we will communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

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

Irregularities and Illegal acts. We will make an immediate, written report to appropriate parties of all irregularities and illegal acts or indications of illegal acts of which we become aware.

Reporting to the L. F. & A. Committee. We will ensure that the City of Dover's L. F. & A. committee is informed of each of the following:

1. Our responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

Timeline

Segment/Deliverable	Completed by
Planning	June 22, 2007
Review of Audit Plan with the City	July 10, 2007
Test of Controls	August 31, 2007
Fieldwork (1)	November 3, 2007
Review of first draft of the CAFR (2)	November 13, 2007
Review of final draft of the CAFR (3)	November 23, 2007
Issue Audit Opinion	Upon approval by Legislative and Finance Committee.
Single Audit Reports	Timing to be discussed with and agreed upon by the City
Management Letter	
Audit Committee Communication Letter	

(1) Dependent upon fund trial balances and supporting schedules being completed by the City by August 31, 2007 and all government-wide adjustments being completed by October 22, 2007

(2) Dependent upon complete first draft of the CAFR submitted to Clifton Gunderson by November 5, 2007

(3) Dependent upon Final draft of CAFR submitted to Clifton Gunderson by November 21, 2007

Identification of Anticipated Potential Audit Problems (Section B.8)

An area of concern that is commonly encountered during transition to new engagements is the start-up time required to familiarize ourselves with your operations. Upon appointment as auditors, we will initiate a planning meeting with the Director of Finance. The purpose of the meeting will be to:

- Review the audit approach and roles, and solicit comments and concerns
- Schedule work
- Establish key meeting and reporting dates
- Review the audit requirements

During independent auditors' first year, management may also be concerned about the potential disruption of its personnel during the transition period while the new firm becomes familiar with the City's operations. We have addressed this concern by structuring our transition process to gain a thorough understanding of your operations. That process has been successfully applied for numerous organizations in the past.

Our approach to transition includes:

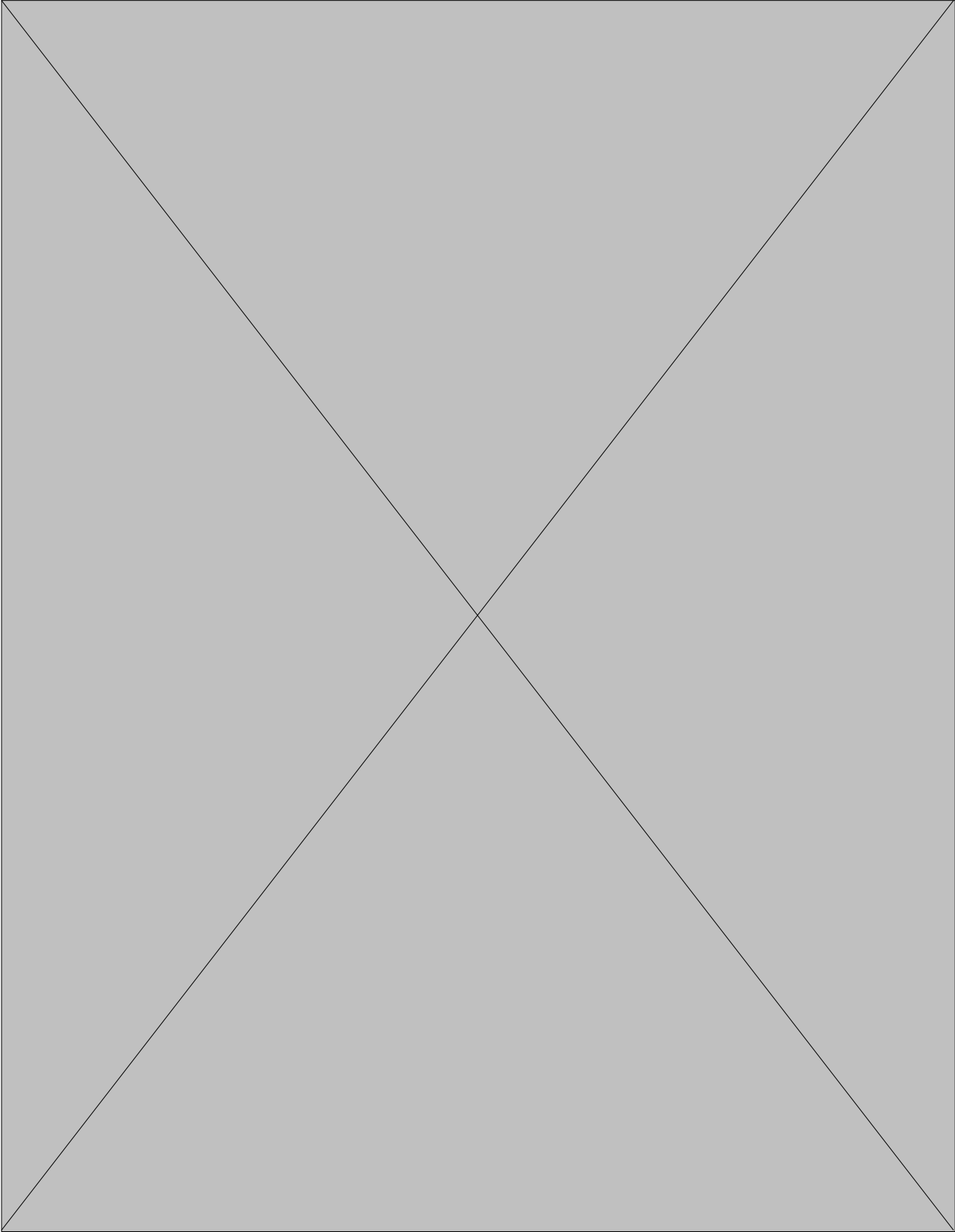
- A well-structured, experienced engagement team
- More intensive involvement by partners and managers in the transition year
- Careful and complete communications at all levels of the audit team to resolve issues and concerns
- User-friendly audit tools

All transition activities will involve the on-site participation of the audit service team in order to:

- Focus our efforts only upon relevant matters
- Avoid unnecessary efforts by your personnel
- Make the audit process more responsive

We ask that the City provide access to all records required for the audit and other requirements of the contract. In addition, we request that a project coordinator be assigned through whom we will communicate and coordinate activities.

To assist in this process, we will provide a detailed Prepared by Client list early in the engagement. We will ask that your accounting staff provide us with standard schedules, as well as additional requested supporting items. We anticipate that your accounting personnel will need to locate and submit to us certain invoices, vouchers, cancelled checks and other documents and records. We are extremely flexible as to the format in which we receive this information and will ensure, through use of the latest technology, that we do not ask you to re-create the wheel.



Attachment A: License to Practice in the State of Delaware

LICENSE NO. 2000110445 NON
 POST CONSPICUOUSLY

STATE OF DELAWARE
 DIVISION OF REVENUE

VALID
 NOT TRANSFERABLE

LICENSED
 ACTIVITY: 570 PROFESSIONAL SERVICES-CPA
 007 PROFESSIONAL AND/OR PERSONAL SERVICES

BUSINESS CODE
 GROUP CODE

DUN: 05 81288 21

DATE ISSUED: 12/22/05

LICENSE FEE: \$225.00


2008
 BUSINESS LOCATION

BUSINESS LICENSE

Delaware
 #154153000
 CLIFTON GUNDERSON LLP
 9515 DEERCO RD STE 500
 TIMONIUM, MD 21093-2184

CLIFTON GUNDERSON LLP
 9515 DEERCO RD STE 500
 TIMONIUM MD 21093-2184

****VALIDATED****



PATRICK T. CARTER
 DIRECTOR OF REVENUE

562937

IS HEREBY LICENSED TO PRACTICE, CONDUCT OR ENGAGE IN THE OCCUPATION OR BUSINESS ACTIVITY INDICATED ABOVE IN ACCORDANCE WITH THE LICENSE APPLICATION FILED PURSUANT TO TITLE 26, DEL. CODE

Attachment B: Peer Review Report

SPOKANE QUINCY
CELESTINE TRI-CITIES
GRANDVIEW WALLA WALLA
MOSES LAKE WENATCHEE
OMAK YAKIMA
OTHELLO

ew Committee

iting and auditing practice of
rs in effect for the year ended
licable to SEC issuers was not
ht Board (PCAOB) is
; and auditing practice in
ontrol encompasses the firm's



ACCOUNTING
AND
CONSULTING
SERVICES
MEMBER OF

To the Partners of
Clifton Gunderson LLP
and the Center for Public Company Audit Firms Peer Revi

We have reviewed the system of quality control for the accoun
Clifton Gunderson LLP (the firm) applicable to non-SEC issu
July 31, 2004. The firm's accounting and auditing practice ap
reviewed by us since the Public Company Accounting Oversig
responsible for inspecting that portion of the firm's accounting
accordance with PCAOB requirements. A system of quality c



L.L. MASTER &
DANIELS P.L.L.C.

SPOKANE
 CULFAX
 GRANDVIEW
 MOSES LAKE
 OMAK
 OTHELLO
 QUINCY
 TRACTEE
 WALLA WALLA
 WENATCHEE
 YAKIMA

ACCOUNTING
 AND
 CONSULTING
 SERVICES
 MEMBER OF
 McGLADREY
 NETWORK

To the Partners of
 Clifton Gunderson LLP
 and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Clifton Gunderson LLP (the firm) applicable to non-SEC issuers in effect for the year ended July 31, 2004. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Clifton Gunderson LLP in effect for the year ended July 31, 2004, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.

L.L. Master & Daniels P.L.L.C.

Spokane, Washington
 December 14, 2004

Attachment C: Professional Resumes

J. Michael Stephens, CPA, CFE, CGFM
Engagement Partner-in-Charge

Education

Bachelor of science degree with a major in accounting, Loyola College

Professional Certifications

- Certified Public Accountant – Maryland, Delaware (pending)
- Certified Government Financial Manager
- Certified Fraud Examiner

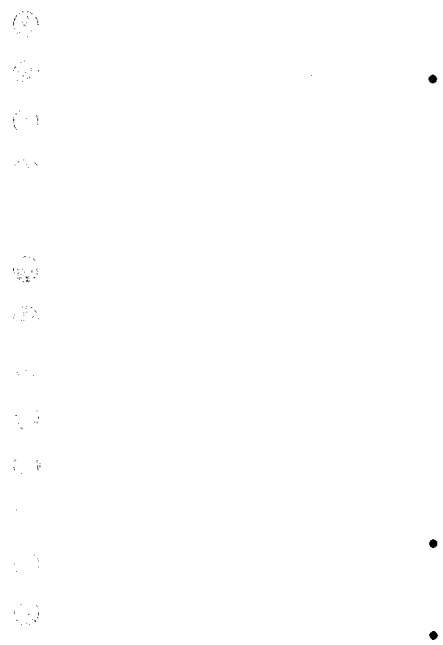
Years of Experience

Governmental auditing and accounting with an emphasis on federal and local agencies.

- Auditing services under contract with the Administrative Office of the U.S. Courts including audits of federal, district, and bankruptcy courts, and bankruptcy trustees
- Single audits of local government entities and nonprofits
- Public housing authorities
- Counties
- Public school systems
- Libraries
- CFO Act audits for the Office of Thrift Supervision, Financial Management Service, Food and Drug Administration, Public Health Service, and National Institutes of Health
- Auditing services under contract with the IG of the FDIC, RTC, U.S. Agency for International Development, and the Library of Congress
- Asset valuation reviews for the FDIC and RTC

Serve as partner responsible for numerous family-owned and closely held businesses. Services provided include audits, reviews, corporate taxes, and business consulting.

Serve as partner of various types of nonprofit engagements including audits of



- Governmental auditing and accounting with an emphasis on federal and local agencies.
 - Auditing services under contract with the Administrative Office of the U.S. Courts including audits of federal, district, and bankruptcy courts, and bankruptcy trustees
 - Single audits of local government entities and nonprofits
 - Public housing authorities
 - Counties
 - Public school systems
 - Libraries
 - CFO Act audits for the Office of Thrift Supervision, Financial Management Service, Food and Drug Administration, Public Health Service, and National Institutes of Health
 - Auditing services under contract with the IG of the FDIC, RTC, U.S. Agency for International Development, and the Library of Congress
 - Asset valuation reviews for the FDIC and RTC
- Serve as partner responsible for numerous family-owned and closely held businesses. Services provided include audits, reviews, corporate taxes, and business consulting.
- Serve as partner of various types of nonprofit engagements including audits of private schools, community housing entities, and trusts.
- Consulting to Maryland public housing authorities.

Presentations & Speeches

- “Developing and Implementing Effective Internal Controls,” sponsored by Clifton Gunderson and Lorman Educational Services, December 2004
- “Fraud: Is Your Nonprofit Organization At Risk?,” Maryland Association of Nonprofit Organizations, Silver Spring, MD, September 24, 2002
- “Fraud: Is Your Nonprofit Organization At Risk?,” Maryland Association of Community Services, Calverton, MD, June 26, 2002

Articles & Media Appearances

- “Fraud Prevention Techniques for Businesses,” Maryland Public Television, “Business Connection,” Baltimore, MD, May 8, 2003
- “College Students and Credit Cards,” WJZ-TV, Baltimore, MD, August 17, 2002
- “Fraud Prevention Techniques for Businesses,” CNN Headline News Channel, “Business Beat,” Baltimore, MD, May 15, 2002

Results Obtained for Clients

- Assisted in detecting fraud and calculating fraud damages for various clients including the U.S. Courts, financial institutions and nonprofits, and consulted with U.S. Attorney's Office and FBI personnel to assist in prosecution.
- Performed agreed-upon procedures engagements on contracts entered into by governmental agencies. Engagements uncovered substantial sums to be recovered.
- Assisted in training client personnel to prepare government required reports.
- Assisted clients in various audit related functions including review of internal controls, operational audits, and systems reviews, resulting in reduction of operating costs.
- Assisted an undercapitalized savings institution in developing and monitoring a Capital Compliance Plan for the Office of Thrift Supervision.
- Performed construction contract reviews for developers and purchasers, which provided a basis for a reduction in construction cost.

Professional Affiliations

- American Institute of Certified Public Accountants - member
- Maryland Association of Certified Public Accountants - member
- Association of Government Accountants - member
- Association of Certified Fraud Examiners - member

Civic & Social Affiliations

- Salvation Army - Advisory Board Member
- Camp Chapel United Methodist Church – finance committee chairman; development committee treasurer
- Kennedy Krieger Institute

Keith F. Novak, CPA
Unassociated Audit Review Partner

Education

Bachelor of science degree with a major in accounting, University of Maryland

Professional Certifications

Certified Public Accountant – Delaware, Maryland and Pennsylvania

arious audit related functions including review of
perational audits, and systems reviews, resulting in
ing costs.
its in preparing and reviewing Official Statements in
nd issues.
d as an expert witness on accounting matters in Federal
with a discrimination claim against a city.
rganizational structure and tax planning ideas.

ssociation of School Business Officers, November 2006
Standards Update," Maryland Association of CPAs Annual
overnment Conference, April 2006
Maryland Government Finance Officers Association,
avenport Group LLC presentation, September 2006
te," Maryland Association of Certified Public
2006
ryland Association of Community College Business
Maryland Association of Community Colleges," July 2004
ng You Wanted to Know," Maryland Government Finance
i, May 2004
ryland Association of Community College Business

- Assisted clients in v
internal controls, o
reduction of operat
- Assisted governmer
connection with bo
- Successfully testifie
court in connection
- Aided clients with c

Presentations

- "GASB 45 Oh No!" A
- "Government Audit
Not-for-Profit and (
- "The Cost of Fraud,"
January 2006
- "GASB 43 vs. 45," D
- "Yellow Book Upda
Accountants, April
- "GASB Update," Ma
Officers, June 2005
- "Internal Control,"
- "GASB 40: Everythi
Officers Associator
- "GASB Update," Ma

- Assisted clients in various audit related functions including review of internal controls, operational audits, and systems reviews, resulting in reduction of operating costs.
- Assisted governments in preparing and reviewing Official Statements in connection with bond issues.
- Successfully testified as an expert witness on accounting matters in Federal court in connection with a discrimination claim against a city.
- Aided clients with organizational structure and tax planning ideas.

Presentations

- "GASB 45 Oh No!" Association of School Business Officers, November 2006
- "Government Audit Standards Update," Maryland Association of CPAs Annual Not-for-Profit and Government Conference, April 2006
- "The Cost of Fraud," Maryland Government Finance Officers Association, January 2006
- "GASB 43 vs. 45," Davenport Group LLC presentation, September 2006
- "Yellow Book Update," Maryland Association of Certified Public Accountants, April 2006
- "GASB Update," Maryland Association of Community College Business Officers, June 2005
- "Internal Control," Maryland Association of Community Colleges, July 2004
- "GASB 40: Everything You Wanted to Know," Maryland Government Finance Officers Association, May 2004
- "GASB Update," Maryland Association of Community College Business Officers Association, November 2003
- "Sarbanes-Oxley Where Do We Go From Here?," Maryland Association of Community College Business Officers Association, February 2003
- "Intermediate Government Accounting," Maryland Government Finance Officers Association, annually since 1998

Professional Affiliations

- American Institute of Certified Public Accountants - member
- Maryland Association of Certified Public Accountants - member
- Maryland Government Finance Officers Association - member and board member

- Government Finance Officers Association of the United States and Canada - member

Civic & Social Affiliations

- SARC of Harford County - board member
- Student Sharing Coalition - board member and treasurer
- Baltimore City Rotary - member
- Baltimore City Rotary Foundation - board member and treasurer

Lori Stoughton, CPA, CICA
Senior Audit Manager

Education

- Assists clients in various audit related functions including review of internal controls, operational audits, and systems reviews, resulting in reduction of operating costs.
- Past Adjunct Faculty for Widener University, School of Management

Presentations & Speeches

- Speaker, Association of Government Accountants, Dover Chapter
- Speaker, State Treasurer Municipal Luncheon GASB 43 and 45
- Speaker, Pennsylvania Institute of Certified Public Accountants State and Local Industry Conference
- Speaker, Government Finance Officers of Pennsylvania State Conference
- Speaker, Pennsylvania County Commissioners Conference

Professional Affiliations

- American Institute of Certified Public Accountants – member
- Association of Government Accountants, Dover Chapter - member
- National State Auditors Association, Single Audit Committee – past member
- National State Auditors Association, Financial Reporting Committee – past member
- Government Finance Officers Association - member

- Assists clients in various audit related functions including review of internal controls, operational audits, and systems reviews, resulting in reduction of operating costs.
- Past Adjunct Faculty for Widener University, School of Management

Presentations & Speeches

- Speaker, Association of Government Accountants, Dover Chapter
- Speaker, State Treasurer Municipal Luncheon GASB 43 and 45
- Speaker, Pennsylvania Institute of Certified Public Accountants State and Local Industry Conference
- Speaker, Government Finance Officers of Pennsylvania State Conference
- Speaker, Pennsylvania County Commissioners Conference

Professional Affiliations

- American Institute of Certified Public Accountants – member
- Association of Government Accountants, Dover Chapter - member
- National State Auditors Association, Single Audit Committee – past member
- National State Auditors Association, Financial Reporting Committee – past member
- Government Finance Officers Association - member

Charles Kelly
Audit Manager

Education

- Master degree in accounting, Virginia Polytechnic Institute
- Bachelor of science degree with a double major in accounting and finance, Virginia Polytechnic Institute

Years of Experience

4 years

Areas of Specialization

- Audit and accounting for governmental entities
- Single audits in accordance with OMB Circular A-133
- Audit and accounting services for financial institutions

Relevant Experience

- Performs audits of various governmental entities, including Delaware County Community College, Howard Community College, and the State of South Carolina
- Performs audits in accordance with OMB Circular A-133
- Prepares individual income tax returns
- Prepares corporate and other business tax returns

Civic & Social Affiliations

Virginia Polytechnic Institute Alumni Association

Michael A. DaGrossa, CISSP, CCE, CHE, ACE, ITIL
Information Technology Resource

Education

Bachelor of science degree with a major in business management. University of

recovery planning for Personal Lines Data Center. Disaster Recovery tests. Served as point of contact for Group to enable review and understanding of

compliance with all corporate IT Risk Management policies with all IT Control policies, which resulted in cyber related incidents.

all telecom related hardware and support meets remediation plans to mitigate risks so as to not impact structure.

and tools to aid in investigations. Trained IT Risk Management team on evidence handling techniques as well as various models for conducting investigations.

regarding background checks, corporate approved and the detection of rogue systems in the

in order to proactively monitor vendor activity and manage business leads regarding the proper process.

and security infrastructure including comprehensive penetration testing, network and host based intrusion detection data transfer methods, secure VPN, third party physical security.

and disaster recovery plan.

and activities for HIPAA compliance. This included patch management, maintenance and installation of Windows servers, and installation of firewalls, IDS (Intrusion Detection System), security audits, Internet security routers, switches, and network and servers for security with primary

- Responsible for disaster recovery planning. Successfully conducted 9 tests for the Business Continuity current SLA's.
- Responsible for enforcing security policies. Have driven compliance in measurable decreases in incidents.
- Responsible for ensuring ITIG compliance and development of impact Call Center infrastructure.
- Introduced new processes: Management team on proactive educating the team on the importance of security.
- Strictly enforced policies regarding software and hardware in the environment.
- Worked with other teams and have assisted in educating the team.
- Designed and implemented security policy documents: systems, firewalls, secure partner connections, and physical security.
- Implemented corporate wide security policies.
- Developed plans and tracked implementing EDI solution workstations, configuring Detection System), security servers and hardening the

- Responsible for disaster recovery planning for Personal Lines Data Center. Successfully conducted 9 Disaster Recovery tests. Served as point of contact for the Business Continuity Group to enable review and understanding of current SLA's.
- Responsible for enforcing compliance with all corporate IT Risk Management policies. Have driven compliance with all IT Control policies, which resulted in measurable decreases in cyber related incidents.
- Responsible for ensuring all telecom related hardware and support meets AIG compliance and develop remediation plans to mitigate risks so as to not impact Call Center infrastructure.
- Introduced new processes and tools to aid in investigations. Trained IT Risk Management team on proper evidence handling techniques as well as educating the team on the various models for conducting investigations.
- Strictly enforced policies regarding background checks, corporate approved software and hardware and the detection of rogue systems in the environment.
- Worked with other teams in order to proactively monitor vendor activity and have assisted in educating business leads regarding the proper process.
- Designed and implemented security infrastructure including comprehensive security policy documentation, network and host based intrusion detection systems, firewalls, secure data transfer methods, secure VPN, third party partner connections, and physical security.
- Implemented corporate wide disaster recovery plan.
- Developed plans and tracked activities for HIPAA compliance. This included implementing EDI solutions, maintenance and installation of Windows workstations, configuring and installation of firewalls, IDS (Intrusion Detection System), security audits, Internet security routers, switches, servers and hardening the network and servers for security with primary focus on HIPAA.
- Developed Security Offering: Responsible for developing business strategies utilizing methodology and tools to analyze and assess customer security strengths and vulnerabilities. Assisted in the development of security policies.
- Managed Service Offering: Assisted in the development of an operations management and systems monitoring application based on third party tools with a custom interface.
- Developed an Information based security offering. Responsible for meeting with vendors, developing relationships, verifying strategic products and educating the engineers. Implementation and design of solutions.

- Citrix and Microsoft solutions requiring design and implementation

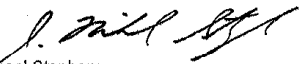
Professional Affiliations

- AIG Global Security Steering Committee – member
- AIG Global TRC, Technical Review Committee – member
- Board of Directors Infragard – program director
- ASIS - member

APPENDIX C

PROPOSER WARRANTIES

- A. The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Nature of Services Required.
- B. Proposer warrants that it is willing and able to comply with State of Delaware laws with respect to foreign (non-state of Delaware) corporations.
- C. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- D. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Dover.
- E. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: 

Name (typed): J. Michael Stephens

Title: Partner

Firm: Clifton Gunderson LLP

Date: April 10, 2007