

# ***City of Red Bluff***

**Request for Proposal**

**For Professional Audit Services**



**Account # 10-18-340-100**

**I. Introduction**

**A. Purpose**

The City of Red Bluff is requesting proposals from qualified firms of Certified Public Accountants for a three-year contract to audit the City's financial statements and perform a Single Audit beginning with the fiscal year ending June 30, 2023, with the option to renew for an additional two fiscal years. These audits are to be performed in accordance with generally accepted auditing standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards, the federal Single Audit Act of 1996 and U.S. Office of Management and Budget (OMB) Circular A- 133, Audits of State and Local governments.

**B. Submittal Closing, and Time**

For consideration to be given to any proposal submitted for this RFP, the firm must submit proposal via email only to: [arice@cityofredbluff.org](mailto:arice@cityofredbluff.org) with "Professional Audit Services-RFP" in the subject line of email, on or before March 21, 2023, by 5:00 pm (PST). Late responses will not be accepted, and faxed responses will not be considered.

**C. Inquiries**

Any prospective Proposer desiring an explanation or interpretation of the solicitation, specifications, etc., must request so in writing, no later than Tuesday, January 31, 2023, 5pm PST to allow a reply to reach prospective Proposer before the proposal submission date. The written request must be submitted to the individual identified below. Inquiries regarding this solicitation shall be directed to:

Paul Young, Finance Director  
City of Red Bluff  
555 Washington St.  
Red Bluff, CA 96080  
Phone: 530-527-2605  
Email: [pyoung@cityofredbluff.org](mailto:pyoung@cityofredbluff.org)

Please reference "Professional Audit Services-RFP Inquiries" when contacting the City regarding this solicitation. The City of Red Bluff website, [www.cityofredbluff.org](http://www.cityofredbluff.org) will contain a copy of this document as well as a summary of any/all applicable addenda, if any. Any firms found to be contacting members of the City Council or other members of City staff or officials

to obtain information during this RFP process may be automatically disqualified from any further consideration.

#### **D. Background**

Located in the northern Sacramento Valley of California in Tehama County, the City of Red Bluff is a community of about 14,000 residents. The City of Red Bluff is located along the Sacramento River on the Interstate 5 corridor. The City was incorporated in 1876 and is a full service city operating under the Council Manager form of government. The City provides a broad range of municipal services, including: police and fire protection, parks, recreation and community services, water and sewer utilities, street maintenance, planning, and building, Airport, and other general government services. The accounting and financial reporting functions of the City are centralized.

##### **1) Fund Structure**

The City uses the following fund types in its financial reporting:

<b><u>Fund Type</u></b>	<b><u>Number of Individual Funds</u></b>
General Fund	1
Special Revenue Funds	14
Capital Project Funds	13
Enterprise Funds	5

Some funds are recorded in the financial system under multiple fund numbers but blended for financial reporting presentation.

##### **2) Budgetary Basis of Accounting**

The City prepares its annual budget on a basis consistent with generally accepted accounting principle.

### **3) Pension Plans**

The City participates in the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system. The City also offers a deferred compensation plan to its employees created in accordance with the Internal Revenue Code Section 457.

### **4) Joint Ventures**

The City participates in four joint ventures:

- Tehama County Solid Waste Management Agency
- Northern California Cities Self-Insurance Fund
- Agreement with County of Tehama for operation of the Red Bluff Community Center and the Senior Nutrition Program

### **5) Magnitude of Finance Operations**

The finance department consists of 6 employees: a Finance Director, a Financial Management Specialist, two Account Technicians, and two Account Clerks. The main functions of the department consist of accounts payable, revenue and billing, and budget & cash management.

### **6) Computer Systems for Accounting Applications**

Accounting records are maintained on an in-house computer system utilizing NEMRC integrated fund accounting software. The City has been using the this system since 2004.

### **7) Recognition for Financial Planning and Reporting Efforts**

The City has received national recognition for its efforts in financial reporting from GFOA. The City is committed to maintain a high standard of reporting and fund management through its use of quality financial management tools.

More detailed information on the government and its finances can be found in the 2022-23 Budget and the Annual Comprehensive Financial Report for the year ended June 30, 2021, which is available online at <https://cityofredbluff.org>.

## II. **Terms and Conditions**

### **A. Proposal Preparation Costs**

The City is not, nor shall be deemed, liable for any costs incurred by Proposer in the preparation, submittal, or presentation of their proposals.

### **B. Reservation of Rights**

This RFP does not commit or obligate the City of Red Bluff to accept or execute an agreement for any expressed or implied service. The City reserves the right to:

- Reject any and all proposals received and to accept or reject any item(s) herein;
- Take all proposals under advisement for up to thirty (30) days after opening;
- Waive any informality on any proposal;
- Be the sole judge of the relative merits of the material mentioned in the respective proposal received;
- Request any firm/individual submitting a proposal to clarify its proposal during the selection phase;
- Negotiate the service schedule and reasonable costs with the selected firm/individual;
- Modify or alter any requirements herein, and issue addenda or amendments to this RFP;
- Terminate this RFP process at any time.

### **C. Acceptance of Conditions**

It is the Proposer's responsibility to examine the scope and location of the proposed work to fully acquaint themselves with the specifications and the nature of the work to be accomplished. Proposers shall have no claim against the City based upon ignorance of the nature and requirements of the services provided, misapprehension of the work environment, or misunderstanding of the specification or agreement provisions.

By submitting a proposal, each Proposer expressly agrees to and accepts the following conditions:

- Proposal and cost schedules shall be valid and binding for one hundred and twenty (120) days following the proposal due date and will become part of the Agreement that is negotiated with the City.
- The City may require whatever evidence is deemed necessary relative to the Proposer's financial stability and ability to perform these services.
- The City reserves the right to request further information from the Proposer, either in

writing or orally, to establish any stated qualifications.

- The City reserves the right to solely judge the Proposer's representations, and to solely determine whether the Proposer is qualified to undertake these services pursuant to the criteria set forth herein. The Proposer, by submitting a proposal, expressly acknowledges and agrees that the judgment of the City as to whether or not the Proposer is qualified to perform these services shall be binding, final and conclusive.

#### **D. Proposal Inclusions**

The Request for Proposals documents shall be submitted in their entirety, with ALL applicable portions fully completed by the Proposer. All Proposers are encouraged to review and confirm that their proposal includes and specifically addresses all of the proposal requirements prior to submitting.

#### **E. Withdrawal of Proposal Before Closing**

Any Proposer may request the withdrawal of their submitted proposal by written request at any time prior to the scheduled closing date and time. Upon receiving written request to withdraw any proposal, the City will consider the proposal null and void, and return the proposal to the Proposer. Withdrawal of proposal will not impact Proposer's resubmittal for this or any future proposal(s).

#### **F. Professional Licensing**

The Proposer shall possess any necessary professional certification(s) and/or license(s) relative to the work to be performed required by an appropriate licensing authority of the State of California and shall provide evidence of such to the City with their proposal or prior to commencement of the work in such a form as the City shall require.

#### **G. Insurance Requirement**

The Proposer shall, at its own expense, procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the proposer, its agent, representatives, employees, or subcontractors. Proposer shall also require all of its subcontractors assigned to provide services to procure and maintain the same insurance requirement for the duration of the Agreement.

**H. Business License**

The professional provider, and any sub-consultant(s), will obtain a business license with the City of Red Bluff Business License Program on or before their commencement of work.

**K. Public Record**

Be advised that all information contained in proposals submitted in response to this solicitation shall become a matter of public record upon contract award, and made available upon request, unless otherwise marked. The Proposer must identify, in writing, all copyrighted material, trade secrets or other proprietary information the Proposer claims are exempt from disclosure pursuant to the California Public Records Act. The Proposer who claims such an exemption must also state in the proposal that:

“The Proposer agrees to indemnify and hold harmless the City and its officers, employees and agents from any claims, liability or damages against the City and to defend any actions brought against the City for its refusal to disclose such material, trade secrets or other proprietary information to any party.”

**L. Equal Opportunity**

The City of Red Bluff requires all Proposers to comply with equal opportunity policies.

**M. Contract**

Award of a professional services contract, if any, will be to the proposer whose proposal best complies with all of the requirements of the RFP documents and which provides the best solution for the needs of the City of Red Bluff.

The successful firm will be required to enter into a Professional Audit Services Agreement with the City of Red Bluff, which will include the requirements of this RFP, as well as other requirements to be determined. The City reserves the right to negotiate the price, terms, and scope of services with the proposer, prior to entering into an Agreement. Provisions will also be included in the contract allowing the City Council to terminate the agreement, at its sole and entire discretion, upon the provision of notice.

The term of the contract is negotiable.

**N. Contract Performance**

**1) Ability to Perform**

The Auditor warrants that it possesses, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all federal, state, county, city and special district laws, ordinances and regulations.

**2) Laws to be Observed**

The Auditor will keep itself fully informed of and will observe and comply with all applicable state and federal laws and county and City of Red Bluff ordinances, regulations and adopted codes during performance of the work.

**3) Payment of Taxes**

The contract price will include full compensation for all taxes, which the Auditor is required to pay.

**4) Safety Provisions**

The Auditor will conform to the rules and regulations pertaining to safety established by OSHA and the California Division of Industrial Safety.

**5) Public and Employee Safety**

Whenever the Auditor's operations create a condition hazardous to the public or City employees, the Auditor will, at its expense and without cost to the City, take such protective measures as are necessary to prevent accidents or damage or injury to the public and the employees.

**6) Preservation of City Property**

The Auditor will provide and install suitable safeguards, approved by the City, to protect City property from injury or damage. If City property is injured or damaged as a result of the Auditor's operations, it will be replaced or restored at the Auditor's expense. The facilities will be replaced or restored to a condition as good as when the Auditor began work.

**7) Immigration Act of 1986**

The Auditor warrants on behalf of itself that only persons authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986 and other



applicable laws will be employed in the performance of the work hereunder.

**8) Auditor Non-Discrimination**

In the performance of this work, the Auditor agrees that it will not engage in discrimination in employment of persons because of age, race, color, sex, national origin or ancestry, sexual orientation, or religion of such persons.

**9) Work Delays**

Should the Auditor be obstructed or delayed in the work required to be done hereunder by changes in the work or by any default, act, or omission of the City, or by strikes, fire, earthquake, or any other Act of God, or by the inability to obtain materials, equipment, or labor due to federal government restrictions arising out of defense or war programs, then the time of completion may, at the City's sole option, be extended for such periods as may be agreed upon by the City and Auditor. In the event that there is insufficient time to grant such extensions prior to the completion date of the contract, the City may, at the time of acceptance of the work, waive liquidated damages which may have accrued for failure to complete on time, due to any of the above, after hearing evidence as to the reasons for such delay, and making a finding as to the causes of same.

**10) Payment Terms**

The City's payment terms are 30 days from the receipt of an original invoice. Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the Auditor's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

**11) Audit**

The City will have the option of inspecting and/or auditing all records and other written materials used by the Auditor in preparing its invoices to the City as a condition precedent to any payment to Auditor.

**12) Interests of Auditor**

The Auditor covenants that it presently has no interest, and will not acquire any interest direct or indirect or otherwise, which would conflict in any manner or degree with the performance of the work hereunder. The Auditor further covenants that, in the performance of this work, no subcontractor or person having such an interest will be employed. The Auditor certifies that no one who has or will have any financial interest in performing this work is an officer or employee of the City. It is hereby expressly agreed

that, in the performance of the work hereunder, the Auditor will at all times be deemed an independent contractor and not an agent or employee of the City.

**13) Hold Harmless and Indemnification**

The Auditor agrees to defend, indemnify, protect and hold the City and its agents, officers and employees harmless from and against any and all claims asserted or liability established for damages or injuries to any person or property, including injury to the Auditor's employees, agents or officers which arise from or are connected with or are caused or claimed to be caused by the acts or omissions of the Auditor, and its agents, officers or employees, in performing the work or services herein, and all expenses of investigating and defending against the same; provided, however, that the Auditor's duty to indemnify and hold harmless shall not include any claims or liability arising from the established sole negligence or willful misconduct of the City, its agents, officers or employees.

**14) Contract Assignment**

The Auditor will not assign, transfer, convey or otherwise dispose of the contract, or its right, title or interest, or its power to execute such a contract to any individual or business entity of any kind without the previous written consent of the City.

**15) Termination**

If, during the term of the contract, the City determines that the Auditor is not faithfully abiding by any term or condition contained herein, the City may notify the Auditor in writing of such defect or failure to perform; which notice must give the Auditor a ten calendar day notice of time thereafter in which to perform said work or cure the deficiency. If the Auditor has not performed the work or cured the deficiency within the ten (10) days specified in the notice, such action shall constitute a breach of the contract and the City may terminate the contract immediately by written notice to the Auditor. Thereafter, neither party will have any further duties, obligations, responsibilities, or rights under the contract except, however, any and all obligations of the Auditor's surety will remain in full force and effect, and will not be extinguished, reduced, or in any manner waived by the termination thereof. In said event, the Auditor will be entitled to the reasonable value of its services performed from the beginning date in which the breach occurs up to the day it received the City's Notice of Termination, minus any offset from such payment representing the City's damages from such breach. The City reserves the right to delay any such payment until completion or confirmed abandonment of the project, as may be determined at the City's sole discretion, so as to permit a full and

complete accounting of costs. In no event, however, will the Auditor be entitled to receive in excess of the compensation quoted in its proposal.

### III. **Nature of services Required**

#### **A. Scope of work**

Basic Financial Statements - The auditor will be required to express an opinion on the fair presentation of the basic financial statements and notes as to conformity with generally accepted accounting principles. The auditor will not be required to audit the combining, individual fund and account group financial statements with their supporting schedules. However, the auditor will provide an "in-relation-to" report on the combining and individual fund statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements. The auditor will not be required to audit the statistical section of the report. The auditor will be responsible for performing certain limited procedures on supplementary information required by the Governmental Accounting Standards Board as required by accepted auditing standards.

Special Purpose Audits - The City receives funding under the Transportation Development Act that require financial and compliance audit.

Single Audit Act Report - The City receives federal funds that are governed under the provisions of the Single Audit Act. The auditor is not required to audit the schedule of federal financial assistance. However, if required, the auditor will provide an "in-relation-to" report on the auditing procedures applied during the audit. A separate cost proposal is requested for the single audit act report.

Report Preparation and Printing – If required, the Auditor shall prepare the formatted city annual comprehensive financial report and Transportation Development Act financial statements based on the city's financial information and schedules prepared by the City. The auditor will be entirely responsible for the printing of 20 copies of each report before December 15<sup>th</sup> each year for the previous fiscal year. A PDF or similar file of the ACFR that is able to be posted on the City's website will be provided to the City at that time. A separate cost proposal is requested for report preparation and printing.

#### **B. Auditing Standards to be Followed**

To meet the requirements of this request, the audit will be performed in accordance with generally accepted auditing standards provided by the American Institute of Certified Public

Accountants, the standards for financial audits provided in the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Nonprofit Organizations, the standards for financial reporting provided by the Government Finance Officers Association, and the applicable laws, rules and regulations of the Federal Transit Administration.

**C. Reports to be Issued**

Following the completion of the audit, the auditor will issue the following core audit reports:

- a) A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for the City of Red Bluff and the Red Bluff Transportation and Transit Funds (Transportation Development Act Report)
- b) A management letter describing suggested improvements to internal controls and operations observed during the audit.
- c) A report on compliance with applicable laws and regulations.
- d) An agreed-upon-procedure report for GANN limitation verification.

If required, following the completion of the audit, the auditor will issue the following reports. A separate cost proposal is requested for the single audit act reports:

- e) An 'in-relation-to' report on the schedule of federal financial assistance.
- f) A report on the internal control structure used to administer federal financial assistance programs.
- g) A report on compliance with specific requirements applicable to major federal and state financial assistance programs.
- h) A report on compliance with specific requirements applicable to non-major federal financial assistance programs.
- l) A report on compliance with general requirements for both major and non-major federal financial assistance programs.

#### **D. Internal Control and Compliance Reports**

In the report on internal controls, the auditor will communicate any reportable conditions found during the audit. A reportable condition will be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses will be identified as such in the report.

Non-reportable conditions discovered by the auditors will be reported in a separate letter to management, which will be referred to in the report on internal controls.

The report on compliance will include all instances of noncompliance. Auditors will be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware of to the following parties:

- City Manager
- Finance Director
- City Attorney

Auditors will assure themselves that the City is informed of each of the following:

- The auditors responsibility under generally accepted auditing standards
- Significant accounting policies
- Management judgments and accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit

#### **IV. Evaluation and Selection Process**

##### **Review Committee**

A committee of five people will evaluate the proposals, which may include elected officials.

## **A. Evaluation of Proposals**

A point formula will be used during the review process to score proposals. The City reserves the rights to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected. Proposals will be evaluated using three sets of criteria. The following represent the principal selection criteria that will be considered during the evaluation process.

- General Qualifications (Maximum Points - 15)
  - The audit firm is independent and licensed to practice in California
  - The audit firm's professional personnel have received adequate continuing professional education within the preceding two years
  - The bidder has no conflict of interest with regard to any other work performed by the finance for the City
  - The bidder's responsiveness to the instructions in this request for proposal in preparing and submitting the proposal
  - The bidder submits a copy of its last external quality control review report and the firm has a record of quality audit work.
  
- Technical Quality (Maximum Points - 60) → Expertise and Experience (Maximum Points - 30)
  - The bidder's past experience and performance on comparable government engagements
  - 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
  - Audit Approach (Maximum Points - 30)
  - Adequacy of proposed staffing plan for various segments of the engagement
  - Adequacy of sampling techniques - Adequacy of analytical procedures
  
- Price (Maximum Points - 25)

The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other bidders. As reflected above, the award of contract will not be based solely on price, but on a combination of factors as determined to be in the best interest of the City. After evaluating the proposals and discussing them further with the finalists or the tentatively selected contractor, the City reserves the right to further negotiate the proposed work and/or method and amount of compensation

**B. Oral Presentation**

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

**C. City's rights**

During the evaluation process, the City reserves the right, where it may serve the City's best interest, to request additional information or clarification from proposing firms/individuals to allow corrections of errors or omissions. The City reserves the right to verify any information contained in proposals, including references, resumes, etc. The City reserves the right to investigate and research proposals, including facts and opinions that could be helpful in evaluating the capabilities of firms/individuals whether or not they were specifically included in the proposals.

**D. Tentative RFP Timeline**

Release of RFP	Wednesday, January 18, 2023
Deadline for submissions of questions	Tuesday, January 31, 2023, 5pm PST
Responses to vendor questions provided	February 14, 2023
Proposals submission	February 21, 2023
Oral presentations, as needed (Week of)	March 6, 2023
Expected Staff recommendation	March 21, 2023
Expected signing of contract	April 10, 2023

**V. Requested Information**

To be considered, the following materials must be received by the City.

**A. The proposal to include the following:**

i. Table of Contents

ii. Transmittal Letter.

A signed letter of transmittal briefly stating the bidder's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the

firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for sixty days.

**iii. Required Submittal Forms:**

- Proposal submittal summary
- Schedule of professional fees and expenses
- Statement of past contract disqualification

**iv. Detailed Proposal**

The detailed proposal should follow the order set forth in this request for proposals.

**B. General Requirements**

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the City of Red Bluff in conformity with the requirements of this request. As such, the substance of the proposal will carry more weight than the form or manner of presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. The proposal should also specify an audit approach that will meet the requirements of this request. The proposal should address all the points outlined. The proposal should be prepared simply and economically, providing a straightforward, concise description of the bidder's capabilities to satisfy the requirements of the request. While additional information may be presented on the following subjects, item (c) through (o) below, must be included. They represent the criteria against which the proposal will be evaluated.

**C. Independence**

The bidder should provide an affirmative statement that he/she is independent of the City of Red Bluff, California as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards. The bidder should also list and describe the firm's professional relationships involving the City for the past five years, together with a statement explaining why this relationship does not constitute a conflict of interest relative to performing an audit of the City. In addition, the bidder will give the City written notice of any professional relationships entered into during the period of this agreement.

**D. License to Practice in California**

An affirmative statement will be included as to whether the firm and all assigned key professional staff is properly licensed to practice in the State of California.

**E. Firm Qualifications and Experience**

The bidder should state the staffing size of the firm, the size of the firm's governmental audit staff, the number that are certified, the location of the office from which the work on this



engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. If the bidder is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve, as the principal auditor should be noted. The bidder is also required to submit a copy of the report on its most recent external quality control review with a statement whether that quality control review included a review of specific government engagements. The bidder will also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years. In addition, the firm will provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

#### **F. Partner, Supervisory and Staff Qualifications and Experience**

The bidder should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each person is licensed to practice as a Certified Public Accountant in California. Provide information on the government auditing experience of each person, including information on relevant local government auditing continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit. Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured. Indicate the number of additional staff the firm would have to hire if awarded this contract. The bidder should identify the extent to which staff to be assigned to the audit reflect the City's commitment to Affirmative Action. Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements. Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the bidder provided that replacements have substantially the same or better qualifications or experience.

#### **G. Resources**

The bidder should describe its ability to provide the City with qualified, trained staff if it is awarded this contract, in light of current client obligations.

#### **H. Similar Engagements With Other Government Entities**

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum -5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name

and telephone number of the principal client contact. Also indicate if any of these agencies has received the Government Finance Officers Association's (GFOA) Certificate of Achievement in Financial Reporting during this timeframe.

### **I. Specific Audit Approach**

The proposal should set forth a work plan, including an explanation of the audit methodology and time frames before and after the close of the fiscal year to be followed, to perform the services required in this request for proposal. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organization charts, manuals and programs, and financial and other management information systems.

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

- Proposed segmentation of the engagement
- Level of staff and number of hours to be assigned to each proposed segment of the engagement
- Sample size and the extent to which statistical sampling is to be used in the engagement
- Extent of use of on-site automated systems in the engagement
- Type and extent of analytical procedures to be used in the engagement
- Approach to be taken to gain and document an understanding of the City's internal control structure
- Approach to be taken in determining laws and regulations that will be subject to audit test work
- Approach to be taken in drawing audit samples for purposes of testing compliance
- A list of schedules and tables that the auditor anticipates would normally be prepared by the City to assist in the conduct of fieldwork.
- The audit firm will provide the electronic data used to prepare the CAFR, word-processing services and the use of the City's worksheets to prepare the CAFR. City staff will assist with the preparation of statistical information and continuing disclosures, where appropriate.

The CAFR should be prepared in the format recommended by the GFOA, in accordance with City standards and with website-compatibility.

### **J. Identification of Anticipated Potential Audit Problems**

The proposal should identify and describe any anticipated potential audit problems, the bidder's approach to resolving these problems and any special assistance that will be requested from the City.

### **K. Total All-Inclusive Maximum Price**

The proposal should contain all pricing information relative to performing the audit engagement as described in this request. The total all-inclusive maximum price to be presented in the proposal

summary, which will include all direct and indirect costs and all out-of-pocket expenses. The City will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

The total maximum price should be presented in the following required and optional services.

1. Required core audit services.
2. Optional Single Audit Act Report
3. Optional Report preparation and printing

**L. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours**

The bid should include a schedule of professional fees and expenses, which supports the total all-inclusive maximum price. The cost of special services described in this request should be disclosed as separate components of the total all-inclusive maximum price.

**M. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates**

All estimated out-of-pocket expenses to be reimbursed should be presented in the format provided in the attachment. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

**N. Rates for Additional Professional Services**

If it should become necessary for the City to request the auditor to render any additional services, to either supplement the services requested in this RFP or to perform additional work, as a result of the specific recommendations included in any report issued on this engagement, such additional work will be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm will be performed at the same rates set forth in the schedule of fees and expenses included in the proposal.

**O. Proposal Length and Copies**

Proposals should not exceed 30 pages, including required attachments and supplemental materials.