



**REQUEST FOR PROPOSAL
FOR AUDIT SERVICES**

**City of Yreka, California
Dated February 08, 2018**

RETURN PROPOSALS TO:

**Rhetta Hogan
Finance Department
City of Yreka
701 Fourth Street
Yreka, CA 96097**

DEADLINE FOR FILING:

March 09, 2018

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REQUEST FOR PROPOSAL
AUDIT SERVICES

I. INTRODUCTION

A. General Information

The City of Yreka is soliciting the services of qualified firms of certified public accountants with experience and interest to audit all funds of the City of Yreka. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the U.S. Government Accountability Office's (GAO) *Government Auditing Standards* (GAS), the provisions of the Federal Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and non-profit organizations.

Subcontractors will not be permitted and the selected audit firm will be required to gather information on site.

B. Procedural Instruction

1. Proposal Submission Package

Acceptable proposals shall address all items identified in Section IV, Proposal Requirements of this request for proposal (RFP) and acknowledge receipt of any addendum that may have been issued.

2. Inquiries

Questions concerning this RFP should be directed to:

Rhetta Hogan, Finance Director
(530) 841-2323, Email: rhetta@ci.yreka.ca.us

Inquiries should refer to specific RFP sections and paragraphs. Written responses to an inquiry will be distributed to all proposers at the discretion of the City.

3. Submission of Proposals

Proposal packages shall be submitted in sealed envelopes marked "**AUDITING SERVICES PROPOSAL**" to:

Rhetta Hogan, Finance Department
City of Yreka
701 Fourth Street
Yreka, CA 96097

To be considered for selection, an original and/or an electronic copy (PDF) of the proposal must be received prior to 4:00 PM on Friday, March 09, 2018. Proposals must be submitted on letter head and signed by a person or persons with the authority to execute agreements.

All proposals shall be firm for a period of ninety (90) days following the required date of submission.

The City reserves the right to reject any or all proposals.

4. Incurred Costs

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The City of Yreka is not liable for any costs incurred by a proposer in the preparation and/or presentation of the proposal.

5. Equal Opportunity

The City of Yreka requires all proposers to comply with equal opportunity policies. Yreka's programs, services, employment opportunities, and volunteer positions and contracts are open to all persons without regard to race, religion, color, national origin, sex, age, marital status, disabilities, or political affiliation.

C. Term of Engagement

It is the intent of the City to contract for the services presented for a term of three (3) years. The City shall reserve the right to extend the term of this contract for two (2) additional consecutive one-year terms, as mutually agreed upon by both parties.

D. General Background Information

1. Description of the City of Yreka

The City of Yreka was incorporated as a General Law city on April 21, 1857. As a general law city, it has the power to make and enforce ordinances and regulations with respect to municipal affairs to the extent expressly permitted or implied by the California constitution or specific legislation. The City has five City Council members elected at large and operates under a council-manager form of government. The City Council selects the Mayor and appoints the City Manager, City Attorney, and members of the City's boards, commissions and committees. The City Attorney reports to the City Council. The City Council typically meets on the first and third Thursdays of the month at 6:30 p.m., with additional special meetings held as needed.

Yreka is a full service city. Services include police safety, fire safety (staffed by a volunteer fire department), building inspection, planning, engineering, general administrative services, community theater and center facilities for cultural and senior programs. The City also has a public works department which manages streets, street lighting, storm drains, parks and recreation, and sidewalks, curbs and gutters on over 50 miles of streets. Public Works is also responsible for City drinking water treatment and distribution and wastewater treatment and collection: each of these two departments has its own enterprise fund. The City has 50 full-time positions, 10 regular part-time positions (varies), 20 volunteer fire fighters, and typically 4-8 seasonal employees to serve an estimated 7,800 residents.

2. Fund Structure

The City's accounting transactions are recorded and reported within the following funds:

Fund Type

- General Fund
- Special Revenue Funds
- Street Funds
- Capital Projects & Improvements (Primarily Grants)
- Enterprise Funds*
- Fiduciary Funds

* The City of Yreka operates two enterprises –Water treatment and distribution, and Wastewater treatment and collection.

3. Financial Accounting System

General ledger accounting is performed on the Springbrook/Accela governmental financial system software.

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II. SCOPE OF WORK

A. General

The City's goal is to provide the public and its constituents with financial statements that give complete, accurate, and understandable information about the City's financial condition. The City desires to be compliant with all GASB requirements for the fiscal year ending June 30, 2018 and each of the subsequent years that the audit firm contracts with the City.

B. Key Elements of Work to Be Performed

1. The combined financial statements shall be prepared by City Staff from the City's computerized records. The Auditors will perform a financial and compliance audit to determine a) whether the combined financial statements of the City present fairly the financial position and the results of financial operations in accordance with generally accepted accounting principles and b) whether the City has complied with laws and regulations that may have a material effect upon the financial statements.
2. The Auditors will examine the combined financial statements of the City for the fiscal years ending June 30, 2018, June 30, 2019, and June 30, 2020, with the City's option to extend to the fiscal years ending June 30, 2021, and June 30, 2022.
3. The Auditors will examine the City's internal accounting controls and accounting procedures and render written reports of their findings and recommendations to the City Manager.
4. The examination shall be made and reports rendered in accordance with generally accepted government auditing standards.
5. If the Auditors find indications of defalcation, deficient design and operations, reportable conditions or other circumstances requiring an extension of procedures beyond the ordinary scope of examination, the Auditors will provide the City Manager with all readily ascertainable facts relative to such circumstances together with an estimate for the additional cost of investigating same. Fees relating to such additional services are not contemplated as being within the scope of services to be performed under the paragraphs above.
6. The auditors will be allowed to do work offsite electronically, but will be required to be onsite for information gathering.
7. The Director of Finance for the City of Yreka will be responsible for coordinating the audit process internally. The Auditors will meet regularly with the Director of Finance to discuss preliminary audit findings.
8. Prior to issuing their final reports, the Auditors will meet with the Finance Director. All audit reports will be addressed to the City Manager.
9. The Auditors may be consulted occasionally throughout the year as an information resource. The Auditors may be asked to provide guidance on implementation of GASB requirements and specifics of Federal and State regulations as they may affect local government accounting.

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C. Required Reports

ANNUAL REPORTS REQUIRED:

1. Audited Financial Statements
2. Single Audit Financial Statements
The auditors will prepare the Schedule of Expenditures of Federal Awards and provide an independent opinion as to the compliance with the Federal Single Audit Act and Office of Management and Budget Circular A-133. When applicable, the auditors will provide independent opinions as to the compliance with various granting agencies.
3. Management letter and recommendations on internal control.

AS NEEDED REPORTS:

1. Report on compliance for Special Revenue Funds, County Local Transportation Fund received under the Transportation Development Act.
2. Review of the City's Financial Transactions Report to the State Controller for the City of Yreka.
3. Review of the City's Annual Street Report to the State Controller's Office for the City of Yreka.
4. When applicable, the auditors will provide independent opinions as to the compliance with State and/or Local granting agencies.

III. TIME REQUIREMENTS

A. Schedule for the Audit

1. Field Work
A detailed audit plan and list of all schedules to be prepared by the City of Yreka should be submitted to the Director of Finance. The schedule for completing the Auditor's fieldwork and test of transactions should be coordinated with the Finance Director in order to meet the reporting need requirement deadlines noted below. Written notification should be sent to the Director of Finance no later than August 15th of each year, following the year end close on June 30.

2. Draft Reports
The following draft reports are due to the Director of Finance by December 15 of each year:
Audited Financial Statements
Single Audit
Management Letter

3. Final Reports
The following final reports are due to the Director of Finance by the date indicated:

Audited Financial Statements	Due by January 31 st of each year
Single Audit	Due by January 31 st of each year
Management Letter	Due by January 31 st of each year

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4. Exit Conference

An exit conference will be held prior to the delivery of the final reports for each year. The City shall be afforded adequate opportunity to respond to all findings and to have such responses included in the reports, where applicable.

IV. ADDITIONAL PROVISIONS

A. Proposer agrees that it is an independent Contractor and that its officers and employees do not become employees of the City, nor are they entitled to any City employee benefits as a result of the execution of the agreement.

B. No officer, member, or employee of the City, and no member of their governing bodies, shall have any pecuniary interest, direct or indirect, in this agreement or the proceeds thereof. No employee of proposer nor any member of an employee's family shall serve on a City board or committee, or hold any such position which either by rule, practice or action nominates, recommends, or supervises proposers operations or authorizes funding to proposer.

C. Proposer may not assign or transfer this agreement, any interest herein, or claim hereunder without the prior written approval of the City.

D. The City, the City's cognizant agency under the Single Audit Act of 1984, and the State audit agencies under terms of its assistance agreement with the City shall have access to proposer's work papers for purposes of review. Such records shall be complete and available for review for a period of three years from the date of the audit report. The Auditors shall make their work papers available to successors.

E. The City may terminate this agreement at any time by giving proposer a sixty (60) day written notice of such termination and may terminate the agreement at any time without notice upon a material breach of the terms of this agreement by proposer.

F. Time is of the essence in each and all the provisions of this agreement.

G. No alteration or variation of the terms of this agreement shall be valid unless made in writing and signed by the parties hereto.

H. Proposer assures that it will comply with Title VI of the Civil Rights Act of 1964 and that no person shall, on the grounds of race, creed, color, sex or national origin be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination under this agreement.

V. PROPOSAL REQUIREMENTS

A. Submission of Proposals

Proposals submitted should address the following items:

1. The organization, size, and years in business of the firm.
2. The location of the office from which the work is to be completed and the number of professional staff, by staff level, that will work directly on the City of Yreka assignment.
3. Name and brief background of the firm's designated contact; name and background of the engagement manager, if different from designated contact; and names of key employees to be assigned to the engagement.
4. A statement that the firm is properly licensed to practice as a certified public accounting firm in California.
5. A statement that the firm meets the independence requirements of the Standards for Audit of Government Organizations, Programs, Activities and Functions published by the Comptroller General of the United States.
6. A copy of the most current peer review report; or, if not participating in this review program, a statement to that effect and a statement that the firm does not have a record of substandard work.

B. Summary of the Firm's Qualifications

1. A description of the firm's background and experience in providing auditing and management consulting services to large governmental organizations, including a list of at least three client references from whom services similar to those outlined herein are currently being provided. This list shall include the following information:
 - a. Name of the Organization
 - b. Name, address, and telephone number of the responsible official of the organization
 - c. Approximate gross cost of the contract
 - d. Dates the services encompass
 - e. Services provided
2. The City reserves the right to contact these organizations regarding the auditing services performed by the firm.
 - a. A declaration of the firm's ability and willingness to commit and maintain staffing, both number and level, to successfully conclude this engagement.
 - b. Names of the individuals to be assigned to the engagement, their staff level, and a statement of their qualifications including their training and experience in the auditing of large governmental units, auditing in general, knowledge of governmental accounting, any specialized expertise which is applicable to this engagement and a listing of continuing professional education courses completed within the preceding two years. Proposal must be signed by a representative having the authority to bind the firm in a contract. Also, this representative must acknowledge in writing the receipt of any and all addenda to this RFP issued by the City of Yreka.

C. City of Yreka Insurance and Indemnification Requirements for Consultants

Consultant shall procure and maintain insurance for the duration of the contract to indemnify the City against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant firm and its agents, representatives, or employees.

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Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence Form CG 0001).
2. Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
4. Errors and Omissions Liability insurance appropriate to the consultant's profession. Architects' and engineers' coverage is to be endorsed to include contractual liability.

Minimum Limits of Insurance

Coverage shall maintain limits no less than:

1	General Liability: (including operations, products, and completed operations, as applicable).	\$1,000,000 per occurrence for bodily injury, personal injury, and property damage. If Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately or the general aggregate limit shall be twice the required occurrence limit.
2	Automobile Liability	\$1,000,000 per occurrence for bodily injury, personal injury, and property damage.
3	Employer's Liability	\$1,000,000 per accident for bodily injury or disease.
4	Errors and Omissions Liability	\$1,000,000 per occurrence.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either the insurer shall reduce or eliminate such deductible or self-insured retentions as respects the City, its officers, officials, employees, and volunteers; or the Consultant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The commercial general liability and automobile liability policies are to contain or be endorsed to contain the following provisions:

1. The City, its officers, officials, employees, and volunteers are to be covered as insureds as respects liability arising out of work or operations performed by or on behalf of the Auditors, or automobiles owned, leased, borrowed, or hired by the Auditors.
2. For any claims related to this project, the Auditor's insurance coverage shall be primary insurance as respects the Entity, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, and volunteers shall be excess of the Auditor's insurance and shall not contribute with it.

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3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.
4. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating no less than A-VII, unless otherwise acceptable to the City's Risk Manager.

Verification of Coverage

Auditor shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by the City or on other than the City's forms provided those endorsements conform to City requirements. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

The successful firm must agree, if awarded a contract as a result of its proposal, to indemnify and hold harmless the City, its officers, agents, and employees from any and all claims and losses accruing or resulting to persons engaged in the work contemplated by its proposal or to persons who may be injured or damaged by the firm or its agents in the performance of the work. Prior to commencement of any work, these and other provisions will be established contractually.

D. Firm's Approach to the Engagement

1. A statement that the firm understands the engagement requirements.
2. Submit a work plan to accomplish the scope defined in Section II (Scope of Work) and to develop the reports listed. This work plan should include the following information:
 - a. Time estimates by staff level for each significant segment of the work. Such time estimates should portray proper supervision of lower staff levels.
 - b. A schedule of the hourly rates for each staff level that will participate in the engagement.
 - c. The total estimated hours and maximum Not-To-Exceed fee to complete the examination and prepare the reports listed for each year of the contract.
 - d. A statement describing expenses that might be incurred in addition to personnel services.
 - e. A statement that the audit work papers and related audit reports will be kept for a minimum of ten years and that such work papers and reports will be made available to the City upon request.
 - f. A statement identifying fees for special services such as STIP letters, grant letters, etc.
 - g. A statement of the firm's ability to accomplish this engagement during normal office hours or another schedule approved by the Director of Finance.
 - h. Any other information considered relevant to the proposal.

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E. Audit Fees

The proposal package should present all-inclusive audit fees. Cost proposals should provide the 2013 billing rates for each class of labor to be used, the estimated hours required of each class, and extension and total resulting in a total maximum fee covering the scope of work proposed. The total maximum fee figures for the subsequent two years will be negotiable.

VI. EVALUATION OF PROPOSALS

A. Technical Criteria

The proposals will be reviewed according to the following technical criteria:

1. Relevant experience
2. Quality of personnel
3. Use of technology in completing the engagement, specifically the software and hardware
4. Adequacy of staffing plan
5. Adequacy of audit plan

B. Cost of Services

Cost of services will be compared to the technical criteria elements listed above. Cost will not be the primary factor in the selection of an audit firm.

C. Other Considerations

1. Clarifications

The City of Yreka reserves the right to seek clarification of each proposal submitted. The City also reserves the right to require other evidence of technical, managerial, financial, or other abilities prior to selection.

2. Interviews

The City of Yreka may invite one or more proposers to be interviewed (proposers may be interviewed by teleconference) during the month of March 2018 (time and date to be determined) at no cost to the City.

3. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Yreka and the firm selected.

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