

REQUEST FOR PROPOSAL



Request for Proposals for Professional Audit Services

DATE ISSUED: June 14, 2019

PROPOSALS DUE: July 19, 2019

SUBMIT TO: City Clerk
711 West Cinnamon Drive
Lemoore, CA 93245

REFER QUESTIONS TO: Linda Beyersdorf, Finance Manager

REQUEST FOR PROPOSALS

Professional Audit Services

PROJECT INTRODUCTION

The City of Lemoore is seeking proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2019 through June 30, 2021. These audits are to be in accordance with generally accepted auditing standards, the standards set forth for financial audits contained in *Government Auditing Standards (2003)* issued by the Comptroller General of the United States , and the U.S. Office of Management and Budget (OMB) Circular 2 CFR 200, *Uniform Guidance*.

NATURE OF SERVICES REQUIRED

1. Scope of Work to be Performed

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

The auditor is not required to audit the combining and individual fund and account group financial assistance contained in the comprehensive annual financial report. However, the auditor is to provide an “in-relation-to” report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements, The auditor is not required to audit the statistical section of the report.

2. Auditing Standards to be Followed

To meet requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards the standards set forth for financial audits contained in *Government Auditing Standards (2003)* issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular 2 CFR 200 , *Uniform Guidance*.

3. Reports to be Issued

Following the completion of the audit of the fiscal year’s financial statements, the auditor shall issue:

- A. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- B. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards.

REQUEST FOR PROPOSALS

Professional Audit Services

- C. A report on compliance with requirements applicable to each major program and internal control over compliance with 2 CFR 200, *Uniform Guidance*, if required.
- D. The schedule of expenditures of federal awards, if applicable.
- E. The schedule of findings and questioned costs, if required.
- F. The status of prior year's findings and questioned costs, if required.
- G. In the required report(s) on internal controls, the auditor shall 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.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

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

The report on compliance shall include all material instances of non-compliance. All non-material instances of non-compliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

1. City Attorney
2. Assistant City Manager/Administrative Services Director

4. Special Considerations

- A. The City of Lemoore's accounting system is a proprietary software system by Central Square.

REQUEST FOR PROPOSALS

Professional Audit Services

- B. The schedule of expenditures of federal awards and related auditor's report, if required, as well as the reports on the internal control structure and compliance are not to be included in the comprehensive annual financial report but are to be issued separately.

5. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years unless the firm is notified in writing by the City of Lemoore of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- A. City of Lemoore
- B. US General Accounting Office (GAO)
- C. State of California, State Controller
- D. County of Kings, Auditor/Controller
- E. Parties designated by the federal or state governments or by the City of Lemoore as part of an audit quality review process.
- F. Auditors of entities of which the City of Lemoore is a sub-recipient of grant funds

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

DESCRIPTION OF THE CITY OF LEMOORE

1. Background Information

The City of Lemoore is a growing community with approximately 26,000 residents and is located in the heart of the San Joaquin Valley, equidistant between San Francisco and Los Angeles. Home to Lemoore Naval Air Station, which is the Navy's newest, largest, and only west coast master jet base, serving as a home

REQUEST FOR PROPOSALS

Professional Audit Services

for all Navy F/A-18 Hornet and Super Hornet aircraft and the brand new F-35C squadron on the west coast. Lemoore prides itself on its safe, friendly, small-town environment, active volunteerism, numerous community events, a volunteer fire department, and high-quality education. Lemoore is also home to West Hills College at Lemoore. The City offers six parks, numerous youth activities, including a fully equipped Recreation Center, Skate Park, and an 18-hole golf course. Yosemite, Sequoia and Kings Canyon National Parks, as well as the scenic Central Coast, are all within a two-hour drive.

The City of Lemoore provides the following services to its residents: Police and Emergency Protection (Lemoore Volunteer Fire Department), Street Maintenance, Water, Refuse, Parks and Recreation Services, and Community Development.

The City of Lemoore had total salaries for fiscal year 2018 of approximately \$10,400,000, covering 121 full-time employees.

More detailed information on the government and its finances can be found in:

- A. 2018-2019 Annual Budget

2. Name of Contact Person

The auditor's principal contact with the City of Lemoore will be Michelle Speer, Assistant City Manager/Administrative Services Director, who will coordinate the assistance to be provided by the City of Lemoore to the auditor.

3. Fund Structure

The City of Lemoore uses the following fund types and account groups in its finance reporting:

Fund Type/Account Group	Number of Individual Funds
General Fund	2
Special Revenue Funds	31
Debt Service Funds	0
Capital Project Funds	13
Enterprise Funds	18
Internal Service Funds	1

REQUEST FOR PROPOSALS

Professional Audit Services

4. Budgetary Basis for Accounting

The City of Lemoore prepares its budget on a basis consistent with generally accepted accounting principles.

5. Pension Plans

The City of Lemoore participates in the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administration agent for the participating public entities within the State of California.

6. Magnitude of Finance Operations

The Finance Department is headed by Michelle Speer, Assistant City Manager/Administrative Services Director. It consists of 7 employees: Finance Manager, Accountant, Junior Accountant, Payroll Technician, and 3 Account Clerks.

7. Internal Audit Function

The City of Lemoore does not maintain an internal audit function.

8. Availability of Prior Audit Reports and Working Papers

Interested parties who wish to review prior years' audit reports and management letters should contact Linda Beyersdorf, 119 Fox Street, Lemoore, California 93245, telephone (559) 924-6744 ext. 734. The City of Lemoore will use its best efforts to make prior audit reports available to proposers to aid their response to this request for proposals. However, prior auditor working papers will only be made available to the successful proposer.

TIME REQUIREMENTS

1. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

RFP Issue Date	June 14, 2019
Deadline for Questions	June 28, 2019
Proposal Due Date	July 19, 2019

REQUEST FOR PROPOSALS

Professional Audit Services

Selected Firm Notified	No later than August 14, 2019
City Council award of Contract	August 20, 2019

2. Schedule for the 2019-2021 Fiscal Year Audit

Work may begin upon approval of contract by City Council. Contract award by City Council is anticipated to occur on August 20, 2019.

A. Year-end Field Work

City staff shall provide an adjusted trial balance and all supporting schedules to auditor no later than October 15, 2019.

Auditor shall complete all field work and adjustments by December 16, 2019.

B. Draft Reports

The auditor shall have drafts of the audit report(s), financial statements, and recommendations to management available for review by January 6, 2020.

C. Date Final Report is Due

The Assistant City Manager/Administrative Services Director will complete their review of the draft report as expeditiously as possible. It is anticipated that this process will be completed and the final Single Audit delivered on January 20, 2020, for the Council meeting of Tuesday, February 18, 2020. A representative of the audit firm will need to be present at the meeting of the City Council to present the audit findings.

3. Assistance to be Provided to the Auditor and Report Preparation

A. Finance Department Assistance

The Finance Department personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmation letters will be the responsibility of the audit firm.

REQUEST FOR PROPOSALS

Professional Audit Services

B. Electronic Inquiry

The auditor will be provided computer access and the use of the City of Lemoore's computer hardware and software for the limited use of testing, verifying, reports and inquiry functions.

C. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

SUBMITTAL REQUIREMENTS

Proposals shall be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP, and should be easily reproducible. Emphasis should be on completeness and clarity of content and cost effectiveness of the proposal.

1. General Requirements

A. Inquiries

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

Linda Beyersdorf, Finance Manager
119 Fox Street
Lemoore, CA 93245
P: 559-924-6744 ext. 734
lbeyersdorf@lemoore.com

A. Submission of Proposals

The following material is required for a proposing firm to be considered:

A master copy (so marked) of a Technical and Comprehensive Dollar Cost Proposal and two copies of the following:

REQUEST FOR PROPOSALS

Professional Audit Services

1. Title Page showing the request for proposals' subject; the firm's name; the name, address and telephone number of a contact person; and the date of the proposal.
 2. Table of Contents
 3. Transmittal Letter, signed, briefly stating the proposer'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 60 days.
 4. Detailed Proposal following the order set forth herein.
 5. Executed copies of Proposer Guarantees and Warranties, attached to this request for proposals (Appendix B).
- B. The proposer shall include a comprehensive dollar cost proposal within the proposal.
- C. Proposers should send the completed proposal to the following address:

City Clerk
City of Lemoore
711 W. Cinnamon Drive
Lemoore, CA 93245

2. Technical Proposal

A. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City of Lemoore in conformity with the requirements of this request for proposals. As such, the Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement.

The Technical Proposal should address all the points outlined in the request for proposals. The proposal should be prepared simply and economically,

REQUEST FOR PROPOSALS

Professional Audit Services

providing a straight forward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, item Nos. 2 through 7 must be included. They represent the criteria against which the proposal will be evaluated.

B. Independence

The firm should provide an affirmative statement that it is independent of the City of Lemoore as defined by generally accepted auditing standards / the US General Accounting Office's Government Auditing Standards (1994).

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

The firm should also list and describe its professional relationships involving the City of Lemoore or any of its agencies or component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City of Lemoore written notice of any professional relationships entered into during the period of this agreement.

C. License to Practice in California

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

D. Firm Qualifications and Experience

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

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

REQUEST FOR PROPOSALS

Professional Audit Services

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

The firm should also identify any engagements similar to the City of Lemoore, with special emphasis on governmental agencies which have received the Certificate of Excellence from GFOA.

E. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether such person is licensed to practice as a certified public accountant in California. The firm also should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

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

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 of Lemoore. However, in either case, the City of Lemoore retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the City of Lemoore which retains the right to approve or reject replacements.

REQUEST FOR PROPOSALS

Professional Audit Services

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

F. Similar Engagements with Other Government Entities

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

G. Identification of Anticipated Potential Audit Problems

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

3. Comprehensive Dollar Cost Proposal

A. Total All-Inclusive Maximum Price

The comprehensive dollar cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price must contain all direct and indirect costs, including all out-of-pocket expenses.

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

The first page of the comprehensive dollar cost proposal should include the following information:

1. Name of Firm
2. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the City of Lemoore.
3. A Total All-Inclusive Maximum Price for Fiscal Years Ending 2019-2021 engagement.

REQUEST FOR PROPOSALS

Professional Audit Services

4. Estimated All-Inclusive Maximum Price for the 2022 through 2023 engagement option.

B. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the comprehensive dollar cost proposal should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Exhibit A) that supports the total all-inclusive maximum price for the City.

C. All-Inclusive Maximum Price Estimates for Subsequent Years

Engagement options for subsequent year's audits shall be negotiated with the City prior to commencement of each year's audit. Price considerations for subsequent audits shall be limited to (1) justifiable increases in audit hour and / or rates, and (2) additional special services requested and / or needed.

D. Rates for Additional Professional Services

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

E. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Ten percent (10%) of the contract will be withheld from the final billing pending delivery of the firm's final reports.

4. Evaluation Procedures

A. Review Committee

REQUEST FOR PROPOSALS

Professional Audit Services

Proposals submitted will be evaluated by a three-member review committee.

B. Review of Proposals

The Review Committee will use a point formula during the review process to score proposals. The Review Committee will score each proposal by each of the criteria described in the Evaluation Criteria below.

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

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in California and has at least two years of experience in performing audits of governmental entities.
- b. The audit firm's professional personnel have received adequate continuing professional education within the preceding two years and have at least two years of experience in performing audits of other governmental entities.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the City of Lemoore.
- d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
- e. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.

2. Technical Qualifications: (Maximum Points – 70)

REQUEST FOR PROPOSALS

Professional Audit Services

a. Expertise and Experience

1. The firm's past experience and performance on comparable government engagements, especially those which have received the Certificates of Excellence from GFOA and CSMFO.

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. Commitment to Governmental Accounting

1. The firm's membership in governmental accounting organizations and past results in the various award programs through GFOA and CSMFO.

2. The firm's commitment to Lemoore's audit schedule deadlines.

3. Price: (Maximum Points – 30)

5. Oral Presentations

During the final phase of the evaluation process, the Review Committee may convene a panel to conduct oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Review Committee may have on a firm's proposal.

6. Final Selection

The selection of the audit firm will be made by the Review Committee, with ratification by the City Council.

7. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Lemoore and the firm selected. The City of Lemoore reserves the right without prejudice to reject any or all proposals.

REQUEST FOR PROPOSALS

Professional Audit Services

OTHER GENERAL REQUIREMENTS

1. Equal Opportunity

The auditor must be an Equal Opportunity Employer and shall certify that s/he is in compliance with the Civil Rights Act of 1964, the California Fair Employment and Housing Act, and all other applicable Federal and State laws and regulations relating to equal opportunity employment.

2. Errors and Omissions

If the auditor discovers any ambiguity, conflict, discrepancy, omission, or other error in the RFP, the auditor shall immediately notify the City of such error in writing and request clarification or modification of the document. Modifications will be made by addenda. Such clarification shall be given by written notice to all parties who have been furnished a copy of this RFP for purposes of submitting a proposal.

The auditor should carefully examine the entire RFP and early addenda thereto, and all related materials and data referenced in the RFP or otherwise available to the auditor, and should become fully aware of the nature and location of the work, the quantities of the work, and the conditions to be encountered in performing the work.

3. Auditor Contract

In compliance with this RFP, the auditor will propose and agree to furnish all labor, materials, transportation, and services for the audit services described and specifications and for the items listed herein. The City Council will award a contract to the successful auditor on the terms of the proposal.

The City and the successful auditor will enter into a contract for the audit services to be provided by auditor in the form of the contract attached as Exhibit B. The City reserves the right to revise or change any and all terms of the proposed contract prior to execution. Auditors must specifically identify any provisions of the proposed contract that the auditor desires to negotiate and/or modify, along with any proposed modifications.

A proposal is subject to acceptance at any time within sixty (60) days after opening of same, unless otherwise stipulated. Proposals cannot be corrected, altered, signed or withdrawn after public opening.

4. Indemnity and Insurance

If awarded a contract, the auditor shall be required to indemnify, defend, and hold harmless the City from and against all losses and all claims, demands, payments, suits, actions, recoveries and judgments of every nature and description, including reasonable

REQUEST FOR PROPOSALS

Professional Audit Services

attorneys' fees, resulting directly or indirectly from any act or omission, of the auditor, or the auditor's agents, representatives, officers, or employees, in carrying out the auditor's obligations, execution of the work, or in consequences of any negligence or carelessness regarding the same. Auditor is required to procure at its sole cost and expense insurance coverage consistent with the contract.

5. Changes

The City shall have the right to make any changes to the scope, nature or dimensions of the audit services, as may be hereafter determined to be necessary, either before or after commencement, and such changes shall in no way affect or void the obligations of any contract awarded pursuant to this RFP. If such changes result in a change in the cost of the audit services, an equitable adjustment shall be made by the City to cover said cost.

6. Disposition of Proposals

All materials submitted in response to this RFP will become the property of the City, and will be returned only at the City's option, and at the auditor's expense. Original copies of the proposals shall be retained for official files and will become public records after the date and time for submission of proposals as specified. However, confidential financial information submitted in support of the requirement will be returned upon request.

REQUEST FOR PROPOSALS

Professional Audit Services

EXIHIBIT A

Comprehensive All-Inclusive Schedule of Professional Fees and Expenses
 For the Audit of the 2019-2021 Financial Statements of the City of Lemoore and all
 Component Units

	<u>Anticipated Hours</u>	<u>Quoted Hourly Rate</u>	<u>Total</u>
Partners			
Managers			
Supervisory Staff			
Staff			
Others (specify)			
Subtotal for Audit Personnel			
Report Preparation Costs:			
Preparation of the City's audit:			
Preparation of the Federal Single Audit:			
Out of Pocket Expense:			
Meals and lodging:			
Transportation:			
Other (specify):			
Total all-inclusive maximum price for FY 2019-2021 audits:			

REQUEST FOR PROPOSALS

Professional Audit Services

EXHIBIT B

CITY OF LEMOORE

AGREEMENT FOR AUDIT SERVICES

This Agreement for Audit Services (“Agreement”) is made and entered into effective _____, 2019 (the “Effective Date”), by and between the City of Lemoore (hereinafter referred to as “City”), and _____, Certified Public Accountants (hereinafter referred to as “Auditor”, and collectively, with the City, as “Parties.”)

RECITALS

- A. WHEREAS, City is a municipality organized and existing under the laws of the State of California; and
- B. WHEREAS, it is the intention of the City to retain a qualified and experienced auditor for the annual audit of the books and accounts of the City; and
- C. WHEREAS, the Auditor is a firm of Certified Public Accountants, duly authorized to practice and licensed as such by the California State Board of Accountancy.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and conditions of this Agreement, the City hereby engages the Auditor, and the Auditor hereby agrees, to audit City’s general purpose financial statements for the fiscal years ending June 30, 2019, June 30, 2020, and June 30, 2021 (“Audit Services”), in the following manner and upon the following conditions:

1. Term of Agreement

The term of this Agreement shall be from _____, 2019 through _____, 2021, including required time to complete the Audit Services, unless earlier terminated as provided herein or extended by written agreement of the Parties and ratified by the City Council.

2. Audit Services: Scope, Standards, and Deliverables

Incorporation of Request and Proposal. City issued a Request for Proposals for Professional Audit Services (“Request”) on or about _____, 2019. On or about _____, 2019, Auditor submitted Auditor’s proposal to provide

REQUEST FOR PROPOSALS

Professional Audit Services

professional audit services (“Proposal”). The Request and Proposal are each and together part of this Agreement and are hereby incorporated by this reference as though fully set forth herein. In the event of a conflict between this Agreement and the Request and/or Proposal, this Agreement shall control.

Period. Auditor shall audit and report for the fiscal years ending June 30, 2019, June 30, 2020, and June 30, 2021, for the City in accordance with generally accepted auditing standards.

Scope. The scope of the audits (“Audits”) will be for the purpose of expressing an independent Auditor’s opinion on the financial statements of the City. The Audits shall include both financial and compliance audits. The auditor is not required to audit the combining and individual fund and account group financial assistance contained in the comprehensive annual financial report. However, the auditor is to provide an “in-relation-to” report on the combining and individual fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements, The auditor is not required to audit the statistical section of the report.

Reports. Following the completion of the Audit of the fiscal year’s financial statements, the Auditor shall issue:

- A. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- B. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards.
- C. A report on compliance with requirements applicable to each major program and internal control over compliance with 2 CFR 200, Uniform Guidance, if required.
- D. The schedule of expenditures of federal awards, if applicable.
- E. The schedule of findings and questioned costs, if required.
- F. The status of prior year’s findings and questioned costs, if required.
- G. In the required report(s) on internal controls, the auditor shall communicate any reportable conditions found during the audit.

Reportable Conditions. 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. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a

REQUEST FOR PROPOSALS

Professional Audit Services

separate letter to management, which shall be referred to in the report(s) on internal controls.

Report on Compliance. The report on compliance shall include all material instances of non-compliance. All non-material instances of non-compliance shall be reported in a separate management letter, which shall be referred to in the report on compliance.

Irregularities and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

1. City Attorney
2. Assistant City Manager/Administrative Services Director.

Accounting Standards. The Audit Services shall be performed in accordance with generally accepted auditing standards set forth for financial audits contained in Government Auditing Standards (2003) issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular 2 CFR 200, Uniform Guidance. The scope of the Audits shall not be limited to that provided in the aforementioned publications in the event that in the opinion of the City, particular circumstances warrant extension thereof.

Additional or Extended Services. Should important or significant irregularities, or unforeseen conditions beyond the scope of a normal audit be discovered by the Auditor, the Auditor shall immediately report the same to the City and shall furnish the City with all relevant information, the Auditor's recommendation as to the scope of additional or extended services required, and a written estimate of the total additional costs. No additional or extended services shall be performed unless expressly authorized in writing by the City and by written amendment of this Agreement to reflect such additional or extended services.

3. Schedule for Audit Services

Commencement. The Auditor shall commence work at a mutually agreeable time, as soon as practicable, following execution of this Agreement.

Year-end Field Work. City staff shall provide an adjusted trial balance and all supporting schedules to Auditor no later than October 15, 2019. Auditor shall complete all field work and adjustments by December 16, 2019.

Draft Reports. The Auditor shall have drafts of the audit report(s), financial statements, and recommendations to City management available for review by January 6, 2020.

REQUEST FOR PROPOSALS

Professional Audit Services

Final Report. The Assistant City Manager/Administrative Services Director will complete their review of the draft report as expeditiously as possible. It is anticipated that this process will be completed and the final Single Audit delivered on January 20, 2020, for the Council meeting of Tuesday, February 18, 2020. The Auditor shall be present at the meeting of the City Council to present the audit findings.

Subsequent Years. The schedule set forth in this section shall generally apply to subsequent audit years, as such schedule may reasonably be adjusted.

4. Qualifications of Personnel

In performing this Agreement, the Auditor shall employ only qualified persons who have in effect all licenses, permissions, and legal qualifications entitling them to perform the Audit Services described in the Agreement.

5. Working Papers

Access to working papers prepared by the Auditor shall be provided to the City. The Auditor shall retain all audit working papers and reports for a minimum of seven (7) years unless the Auditor is notified by the City of the need for a longer retention period, and so informs the Auditor.

The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- A. City of Lemoore
- B. US General Accounting Office (GAO)
- C. State of California, State Controller
- D. County of Kings, Auditor/Controller
- E. Parties designated by the federal or state governments or by the City of Lemoore as part of an audit quality review process.
- F. Auditors of entities of which the City of Lemoore is a sub-recipient of grant funds

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

6. Compensation

- A. Single Year Audits

REQUEST FOR PROPOSALS

Professional Audit Services

Unless otherwise expressly provided herein, the total all-inclusive maximum price ("Maximum Price") to be paid to the Auditor under the terms of this Agreement shall not exceed \$_____ for the term of this Agreement.

The Maximum Price shall cover all Audit Services to be provided by Auditor. Unless otherwise expressly provided herein, such Maximum Price is inclusive of any additional costs incurred by the Auditor in completing the Audit Services described in this Agreement, including, but not limited to, additional personnel costs and travel expenses.

B. Additional or Extended Services: Hourly Rates

Additional or extended services to be performed by the Auditor as expressly authorized in writing by the City and by written amendment to this Agreement, shall be billed at the following hourly rates:

<u>Level</u>	<u>Rate</u>
Partner/Consultant	\$
Manager	\$
Supervising Senior Accountant	\$
Semi-Senior Accountant	\$
Junior Accountant	\$
Clerical	\$

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Ten percent (10%) of the contract will be withheld from the final billing pending delivery of the firm's final reports.

7. Termination of Agreement

Either the City or the Auditor may terminate this Agreement at any time for any reason upon sixty (60) days written notice. In the event of early termination, the Auditor shall be paid for satisfactory work performed to the date of termination. The City may then proceed with the work in any manner the City deems proper.

REQUEST FOR PROPOSALS

Professional Audit Services

8. Indemnity

The Auditor shall defend, indemnify, and hold harmless the City and its agents, employees, City Council, members of the City Council, from and against claims, damages, losses, and expenses (including, but not limited to attorney's fees and costs including fees of consultants) arising out of, resulting from, or in any manner connected with the performance of the Agreement, including, but not limited to: the Auditor's use of City property or site; the Auditor's completion of the duties under the Agreement; injury to or death of persons or damage to property or delay or damage to the City, its agents, employees, City Council, members of the City Council, for any act, omission, negligence, or willful misconduct of the Auditor or the Auditor's agents, subcontractors, or employees. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity, which would otherwise exist as to a party, person, or entity described in this paragraph.

9. Insurance

Without limiting the Auditor's indemnification obligation as set forth above, the Auditor shall secure and maintain in force through the term of this Agreement a comprehensive general liability policy using an occurrence policy form, with combined single limits of \$_____, or \$_____ per person and \$ _____ per accident, with no aggregate limit, and property damage limits of \$_____ per loss. The Auditor shall also secure and maintain in force through the term of this Agreement an accountant's professional liability insurance policy, with combined single limits of \$_____, or \$_____ per claim and with no aggregate limit. The City shall be named as an additional insured on the policies by endorsements. Each policy shall provide that the policy is primary such that insurance maintained by the City, if any, shall be excess and not co-primary. A copy of the declarations page of Auditor's insurance policies shall be attached to this Agreement as proof of insurance.

10. Independent Contractor Status

While engaged in carrying out the terms and conditions of the Agreement, the Auditor is an independent contractor, and not an officer, employee, agent, partner, or joint venturer of the City. Auditor is engaged in an independently established trade, occupation, or business to perform the services required by this Agreement and is hereby retained to perform work that is outside the usual course of City's business. Auditor is free from the control and direction of City in connection with the manner of performance of the work.

11. Worker's Compensation Insurance

The Auditor agrees to provide all necessary worker's compensation insurance for the Auditor's employees, if any, at the Auditor's own cost and expense.

REQUEST FOR PROPOSALS

Professional Audit Services

12. Taxes

The Auditor agrees that the Auditor has no entitlement to any future work from the City or to any employment or fringe benefits from the City. Payments to the Auditor pursuant to this Agreement will be reported to Federal and State taxing authorities as required. City will not withhold any taxes from compensation payable to Auditor. In particular, City will not withhold FICA (social security); state or federal unemployment insurance contributions, state or federal income tax or disability insurance. The Auditor is independently responsible for the payment of all applicable taxes.

13. Assignment

The Auditor shall not assign or transfer by operation of law or otherwise any or all of its rights, burdens, duties or obligations without the prior written consent on the City.

14. Binding Effect

This Agreement shall inure to the benefit of and shall be binding upon the Auditor and the City and their respective successors and assigns.

15. Severability

If any provision of this Agreement is for any reason is held to be invalid, unenforceable, or contrary to public policy, law, or statute or ordinance by a court of competent jurisdiction, the remainder of the Agreement shall not be affected thereby and shall remain valid and fully enforceable.

16. Amendment

The terms of the Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever except by written agreement signed by both Parties.

17. Governing Law

This Agreement shall be governed by and interpreted under the laws of the State of California applicable to instruments, persons, transactions and subject matter which have legal contacts and relationships exclusively within the State of California. Any action or proceeding seeking any relief under or with respect to this Agreement shall be brought solely in the Superior Court of the State of California for Kings County, subject to any motion for transfer of venue.

18. Notices

REQUEST FOR PROPOSALS

Professional Audit Services

Any notice, demand, approval, consent, or other communication between the Parties will be provided to the following addressees:

City:

Michelle Speer
City of Lemoore
Assistant City Manager/
Administrative Services Director
711 W. Cinnamon Drive
Lemoore, CA 93245
Email: [FILL]
Fax No.: [FILL]

Auditor:

Notice may be provided by personal service, regular mail, certified mail, overnight mail with proof of delivery, facsimile with proof of transmission, or by email provided receipt is acknowledged. By written notice to the other, either of the Parties may change its mailing address or correspondence information.

23. Non-Discrimination

It is the policy of the City that there shall be no discrimination against any prospective or active employees because of race, color, ancestry, national origin, sex or religious creed. Therefore, the Auditor agrees to comply with applicable federal and California law.

24. Compliance with Law

Each and every provision of law and clause required by law to be inserted into this Agreement shall be deemed to be inserted herein and this Agreement shall be read and enforced as though it were included therein. The Auditor agrees that it shall comply with all legal requirements for the performance of its duties under this Agreement and that failure to do shall constitute material breach.

25. Entire Agreement

This Agreement is intended by the Parties as the final expression of their agreement with respect to such terms as are included herein and as the complete and exclusive statement of its terms and may not be contradicted by evidence of any prior agreement or of a contemporaneous oral agreement, nor explained or supplemented by evidence of consistent additional terms.

REQUEST FOR PROPOSALS

Professional Audit Services

26. Execution of Other Documents

The Parties to this Agreement shall cooperate fully in the execution of any and all other documents and in the completion of any additional actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

27. Execution in Counterparts

This Agreement may be executed in counterparts such that the signatures may appear on separate signature pages. A copy, facsimile, or an original, with all signatures appended together, shall be deemed a fully executed agreement.

28. Warranty of Authority

Each of the persons signing this Agreement represents and warrants that such person has been duly authorized to sign this Agreement on behalf of the Party indicated, and each of the Parties by signing this Agreement warrants and represents that such Party is legally authorized and entitled to enter into this Agreement.

29. Approval of City Council

This Agreement shall become effective only upon ratification by the City Council.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their authorized representatives as of this ___ day of __ , 2019.

CITY OF LEMOORE

AUDITOR

By: _____

By: _____

Name:

Name:

Title:

Title:

Date: _____

Date: _____