



REQUEST FOR PROPOSALS
AUDIT SERVICES

Issue Date: January 19, 2017

Proposals Due: February 28, 2017

Issued by:

City of Patterson
1 Plaza, P.O. Box 667
Patterson, CA 95363

REQUEST FOR PROPOSALS AUDITING SERVICES

1. INTRODUCTION

1.1. SCOPE

The City of Patterson, California, invites qualified certified public accounting firms licensed to practice in California to submit proposals for the provision of those services according to the requirements of this Request for Proposal (RFP).

The purpose of this process is to obtain competitive prices for auditing services for Patterson, California. The audit shall be performed on all funds of the City of Patterson. A complete listing of the City's funds can be found on page 4 of this document.

The City also desires the auditor to prepare the comprehensive annual financial statements, due to limited resources of the City, and express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

Single Audit Act requirements may apply because the City will likely receive and use more than \$750,000 in federal funds in 2017 through 2021.

1.2. TERM

The selected firm shall be designated as the City's auditor for a five-year period commencing with the FY 2017 (fiscal year ending June 30, 2017) audit and continuing through the FY 2021 audit. If either party does not wish to continue with the agreement for the upcoming audit, the agreement may be terminated upon notice in writing within 90 days.

Cancellation of services will require a transition period. This transition period will be a minimum period of 3 months under full service terms.

2. PROPOSAL PROCEDURES

2.1. ANTICIPATED PROPOSAL SCHEDULE

Issue RFP	January 19, 2017
Proposals DUE	February 28, 2017 by 5:00 pm CST
Interview Top Candidates	March 15th – 16th (TBD)
Selection Made	March 27, 2017

2.2. QUESTIONS REGARDING THIS REQUEST FOR PROPOSAL

Additional information concerning this RFP may be obtained by contacting:

Saadiah Ryan, Finance Director

(209) 895-8046

sryan@ci.patterson.ca.us

Electronic copies of the current budget and most recent audit are available upon request.

2.3. PROPOSAL SUBMISSION PACKAGE OVERVIEW

The proposal submission package shall include the following information:

- Contact Information
- Transmittal Letter
- Independence and License
- Firm Profile
- Qualifications of Staff that will be Assigned to City's Account
- Prior Audit Experience of Staff that will be Assigned to City's Account
- Audit Approach Page
- Audit Quality Control
- References
- Fees for Services

Refer to Section 5 for further explanation.

2.4. SUBMISSION OF PROPOSALS

Three (3) copies of the Proposal Submission Package should be delivered to:

City of Patterson
Attn: Saadiyah Ryan
1 Plaza
P.O. Box 667
Patterson, CA 95363

by 5 p.m. on Tuesday, February 28, 2017. Proposals should be in a sealed package, clearly marked "Audit Proposal" on the exterior of the package. Proposals received after the specified date and time, or unsealed or unmarked proposals, WILL NOT BE CONSIDERED.

An individual who is authorized to bind the firm to all commitments made in the proposal must sign the proposal.

2.5. EFFECTIVE PERIOD OF PROPOSALS

All proposals must remain in effect for 90 days after the proposal due date.

2.6. EVALUATION AND AWARD CRITERIA

A. General elements

- The audit firm is independent and licensed to practice in California.
- The audit firm has no conflict of interest with regard to any other work performed.
- The audit firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.

B. Fees for services

- Provide maximum fee for each annual audit and the fee rate for related services.
- Fee rate will be stated for each component unit for each annual audit.

C. Technical Qualifications

- The firm’s past experience and performance on California municipal audit engagements, including public utilities.
- 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.

D. Staffing and Procedures

- Adequacy of proposed staffing plan for various segments of the engagement.
- Adequacy of audit, review, and reporting procedures.

Although price for services will be an important factor in the evaluation of proposals, the City is not required to choose the lowest bidder. Evaluation and acceptance of a proposal will be based on the total package of services offered.

The City Manager and Finance Director will review each proposal. Top candidates will be invited to interview with City staff. After these reviews, staff will present its recommendation for consideration to City Council.

2.7. RIGHT OF REJECTION BY CITY OF PATTERSON

The City reserves the right to award this contract to the accounting firm that best meets the requirements of the RFP, and not necessarily to the lowest bidder. Further, the City reserves the right to reject any or all proposals prior to the execution of the contract, with no penalty to the City.

GENERAL INFORMATION

3.1. BACKGROUND INFORMATION

The City of Patterson was established in 1919 as a corporation. The City is governed by a five-member elected City Council and an appointed City Manager to oversee day to day operations. The powers of the City of Patterson are vested in its City Council.

Patterson has a population of approximately 21,498. There are approximately 90 full-time equivalent employees.

City of Patterson offers the following services to its citizens:

- | | |
|--------------------------------|------------------------|
| • Law Enforcement | • Parks Maintenance |
| • Fire Protection | • Economic Development |
| • Professional City Management | • Building Inspection |
| • Water Utility | • Code Enforcement |
| • Wastewater Utility | • Planning & Zoning |
| • Garbage Collections | • Engineering |
| • Street Maintenance | • Recreation Programs |

3.2. FUND STRUCTURE

The City uses the following funds in its financial reporting:

General Fund

Special Revenue Funds:

- Landscape Maintenance District
- Benefit Assessment District
- CSA#15 Assessment District
- Patterson Gardens Fire Supp Assess
- Public Safety
- Beautification Committee
- CDBG HA Loan
- State HCD Rehab Program
- Federal CDBG Grant 2003
- First Time Home Buyers
- Federal HOME Funds
- Local Law Enforcement Block Grant
- Gas Tax
- Local Transportation Fund
- Street Project Fund
- Developer Housing In-Lieu Fee
- Westside Drainage Study
- Senior Center
- CFD 2013-1
- CFD 2005-1
- CFD 2015-1

Debt Service Fund

- Patterson Public Financing Authority

Capital Project Funds:

- Community Facility Impact Fee
- General Gov Impact Fee
- Public Safety Impact Fee
- Parkland In-Lieu Fee
- Street Improv Impact Fee
- Water Impact Fee
- Storm Drain Impact Fee
- Sewer Impact Fee
- Delta Mendota Storm Gate
- Aquatic Center Construction
- Future Water Acquisition
- Heartland Ranch Infrastructure
- WWTP Construction

Proprietary Funds

- Water Utility
- Wastewater Utility
- Garbage Collections

Agency Funds:

- West Patterson Financing Authority
- West Patterson Business Park
- Heartland Ranch 2002

3.3. BASIS OF ACCOUNTING

The City follows the modified accrual basis of accounting for all funds other than Proprietary Funds. Revenues are recorded when they are both measurable and available. Available is defined as collectable within the current period or soon enough thereafter to be used to pay liability of the current period. The City uses the accrual basis of accounting for proprietary funds.

The City complies with the provisions of GASB Statements No. 34.

4. OTHER INFORMATION

4.1. STANDARDS

The audits are to be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the *California Municipal Audit Guide*, and if applicable, the standards set forth for financial audits in GAO's *Government Auditing Standards*, the provisions of the Single Audit Act of 1984 and OMB Circular A-133, and the AICPA industry audit guide *Audits of State and Local Governmental Units*.

Additionally, the auditor will be responsible for communication and interpretation of any significant changes made in governmental reporting and shall respond to reasonable inquiries by City staff during the contract years.

4.2. COMPREHENSIVE ANNUAL FINANCIAL REPORT

The primary deliverable of the audit shall be a Comprehensive Annual Financial Report prepared by the auditing firm. City staff is available for minor consultation, but the principle work shall be the responsibility of the audit firm. The report shall communicate in a separate letter to management any reportable conditions found during the audit. S.A.S. 112 and 114 letters will be submitted as appropriate.

4.3. WORKING PAPERS

Audit work papers shall remain in the custody of the auditor. However, any succeeding auditors shall be given access to audit work papers and shall have the right to copy such work papers pertaining to the audit for a period of three (3) years after the expiration of the audit contract. Upon request, the auditor will provide copies of work papers pertaining to any questionable costs or findings determined in the audit and must be made available upon request for examination by authorities of federal or state agencies or other governmental oversight agencies.

4.4. REPORTING

In completing the audit(s), the following dates will be adhered to, with subsequent years following corresponding dates:

- A. The audit draft, copy of the audit detailed adjusted trial balance and audit adjusting journal entries shall be available for review no later than January 1st. The auditor will review the audit draft with City management of the City for each respective audit report before the final report is prepared.
- B. The final audit report and management letters must be completed and delivered to the City no later than January 10th each year. Twenty bound copies, one unbound copy and a PDF format copy will be required.
- C. The auditor will have a representative present at a January City Council meeting to discuss the audit and management letter.
- D. A copy of the audit shall be filed by the Auditor with the following agencies:
 - California Department of Administration Division of Accounts and Reports.

- Federal Clearing House and State Grantor Agencies, if applicable, for single audits.

5. PROPOSAL REQUIREMENTS

5.1. STANDARDS

In order to achieve a uniform review process and to obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified below.

- A. **Contact Information** – The name of the proposing firm, firm address and telephone number, name of a contact person, email address, and a signature and date.
- B. **Letter of Transmittal** – A signed transmittal letter briefly stating the proposer understands the work to be done, why the firm believes itself to be best qualified to perform the engagement, and any other information they consider essential to their proposal.
- C. **Independence and License** – The firm should provide an affirmative statement that it is independent of City's in accordance with the professional standards and ethics promulgated by the AICPA. The firm should also provide an affirmative statement indicating that the firm and all assigned key professional staff are properly licensed to practice in California.
- D. **Firm Profile** – At a minimum, the proposal should state the size of the firm, the size of the firm's governmental audit staff, and the location of the office from which the work on this engagement will be performed.
- E. **Staff Qualifications** – The proposal should describe the qualifications of staff to be assigned to the audit. The description should include the composition of the audit team and prior experience of the individual audit team members. The proposal should include resumes of the individual audit team members.
- F. **Prior Audit Experience** – The proposal should describe prior auditing experience of the proposing office. The experience listing should be limited to the last five years and should include prior experience auditing California municipalities, including water and wastewater utilities, and single audits.
- G. **Audit Approach** – The proposal should set forth a general audit plan, including an explanation of the audit methodology to be followed to perform the services required in the request for proposals. Each proposal should detail the approach to be taken to gain and document an understanding of the City's internal control structures.
- H. **Audit Quality Control** – Briefly describe your firm's quality control and procedures. State whether these policy and procedures have been subjected to a professional "peer review" program to provide for an independent review of their effectiveness. Include a copy of your firms' most recent peer review report and related letter of comments, if applicable.
- I. **References** – The proposal should include at least 3 client references, including contact persons and telephone numbers.
- J. **Fees for Services** – Provide the firm's all-inclusive maximum fee for the requested work in this proposal. The audit firm shall be reimbursed for additional audit related expenses only when agreed upon in advance by the City and firm.

Name of Accounting Firm: _____

AUDITING SERVICES PROPOSAL

Proposal Submitted by: _____

Address: _____

Contact Person: _____

Phone: _____

Email: _____

Fees for Services:

All-Inclusive Maximum Fee

2017 _____

2018 _____

2019 _____

2020 _____

2021 _____

Fee Rates:

Partner _____

Manager _____

Staff _____