

# *CITY OF ATWATER*



**REQUEST FOR PROPOSAL  
FOR  
PROFESSIONAL AUDITING SERVICES**

**Fiscal Years 2020-21 through 2022-23**

**Deadline for Submittal of Proposals:**

**February 1, 2021 - 4:00 PM**

**City of Atwater  
750 Bellevue Road  
Atwater, CA 95301**

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## I. INTRODUCTION

### A. General Information

The City of Atwater (hereinafter referred to as "the City") is requesting proposals from qualified certified public accounting firms (hereinafter referred to as "the Auditor") for a three (3) year contract to audit and prepare its financial statements for the fiscal years ending June 30, 2021 through June 30, 2023, with the option to extend the contract for two (2) additional one-year periods, at the City's sole discretion. The Auditor will be asked to complete the City's Single Audit Report if expenditure criteria are met.

These audits are to be performed in accordance with all applicable and generally accepted government auditing standards accepted in the United States of America, the standards set forth for financial audits contained in Government auditing Standards issue by the Comptroller General of the United States, and the U.S Office of Management and Budget (OMB) Circular A-133 Audits of State and Local Government and Non-Profit Organizations.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Material submitted by respondents are subject to public inspection un the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt.

During the Solicitation Period, the City reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any idea(s) in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in the request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

To be considered, the proposal must be **electronically submitted** with "**PROFESSIONAL AUDITING SERVICES PROPOSAL**" clearly stated in the subject line to:

[larmstrong@atwater.org](mailto:larmstrong@atwater.org)  
City of Atwater  
Lucy Armstrong, City Clerk  
750 Bellevue Road  
Atwater, CA 95301

Final filing deadline for submitting proposals is:

**Monday, February 1<sup>st</sup> , 2021 at 4:00 PM**

**All inquiries or questions concerning the RFP must be submitted in writing and emailed to:**

Kellie Jacobs-Hunter  
Finance Director  
City of Atwater  
750 Bellevue Road  
Atwater, CA 95301  
[kjacobshunter@atwater.org](mailto:kjacobshunter@atwater.org)

The City anticipates that the selection of the Auditor will be completed by **February 19, 2021** with a contract authorized by the Atwater City Council at its **March 22, 2021** regular meeting. The City reserves the right to reject any or all proposals, to waive any non-material irregularities or information in any proposal, and to accept or reject any item or combination of items.

Existing financial statements of the City are available on the City's website ([www.atwater.org](http://www.atwater.org)).

**B. Subcontracting**

Should any firm submitting a proposal consider subcontracting portions of the contract, that fact must be clearly identified in the proposal along with the name of the proposed subcontracting firms. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the City.

**II. NATURE OF SERVICES REQUIRED**

**A. Scope of Work**

The City desires the Auditor to:

1. Audit, prepare and express an opinion on the fair presentation of the City's basic financial statements in conformity with generally accepted accounting principles and complies with laws and regulations that may have a material effect upon the City's finance statements.
2. Perform agreed upon procedures to the appropriations limit worksheets prepared by the City to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution.
3. Perform a single audit on the expenditures of federal grants in accordance with OMB Circular A-133 in the years when the threshold has been exceeded and render appropriate audit reports.
4. The Auditor will examine the City's internal accounting controls and accounting procedures and render written reports of their findings and recommendations to the Finance Director and City Manager. The examination shall be made, and reports rendered in accordance with generally accepted government auditing standards. In

addition, the Auditors shall be required to make an immediate report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Finance Director and City Manager.

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

The audit shall be performed in accordance with:

1. Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants;
2. The standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States;
3. The provisions of the Single Audit Act as amended in 1996; and
4. The provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-profit organizations.

## **C. Reports to be Issued**

1. The Auditor shall prepare financial statements, schedules, and accompanying notes for inclusion in the City's CAFR. The Auditor shall assist the City to ensure the financial statements comply with GASB pronouncements and meet the requirements of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program.
2. The Auditor shall perform agreed-upon procedures pertaining to the City's GANN Limit (Appropriations Limit) and render a letter annually to the City regarding compliance.
3. The Auditor shall issue a management letter that includes recommendations for improvements in internal controls considered non-reportable conditions.
4. The Auditor shall prepare the State Controller Cities Financial Transactions Report for the City.
5. The Auditor shall prepare the State Controller Annual Street Report for the City.
6. The Auditor shall prepare "Schedule of Debt Service Coverage" for City of Atwater Wastewater Revenue Refunding Bonds Series 2017A & 2018A and Successor Agency to Atwater RDA Series 2017A (**if necessary**).
7. If required, additional audit responsibilities for the Former Atwater Redevelopment Agency and/or Successor Agency as indicated below in Special Considerations, D.1.

## **D. Special Considerations**

1. On January 23, 2012, the City elected to become the successor agency to the Atwater Redevelopment Agency. The auditor shall provide advice in the

implementation of ABX1 26, AB 1484, and any subsequent legislation issued. The auditor shall provide additional services required of legislation, such as 'Agreed Upon Procedures' under separate contract and in a timely manner.

**E. Working Paper Retention and Access to Working Papers**

1. All working papers and reports must be retained, at the Auditor's expense, for a minimum of five (5) years. The Auditor will be required to make working papers available to the City and any other third parties authorized by the City.
2. In addition, the Auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

**F. Reporting and Communication**

1. The Auditor will meet continuously during the on-site field work with the Finance Director to discuss issues, concerns, preliminary audit findings and management recommendations. Prior to issuing their final reports, the Auditor will meet with the Finance Director with all draft audit reports to be addressed to City Council.
2. The Auditor shall provide a reasonable amount of technical assistance upon the City's request throughout the year, not to exceed forty (40) hours per year, at no additional cost.

**III. DESCRIPTION OF THE CITY OF ATWATER**

**A. Background Information**

The City of Atwater covers approximately 6.1 square miles in Merced County, California and is situated within the San Joaquin Valley. The City is approximately six miles northwest of the City of Merced, the county seat, 105 miles south of Sacramento and 65 miles north of Fresno.

The City was incorporated on August 16, 1922 as a General Law City which operates under the Council/Manager form of government. The City government is divided into the following departments; City Administration/City Manager/City Clerk, Finance, Police, Fire (Contracted thru CalFire), Human Resources, General Services, and Public Works.

The City employs/funds approximately seventy-seven (77) full-time equivalents. The total municipal budget for all funds, including Capital Projects, for FY 20/21 is in excess of \$77 million. The current Adopted Budget for FY 2020/21 is available on the City's website ([www.atwater.org](http://www.atwater.org)).

The population of the City in January 2019 was 31,470 and in January 2020 was approximately 31,650.

**IV. TIME REQUIREMENTS**

**A. Proposal Calendar**

Issuance of Request for Proposals	December 23, 2020
Due date for Proposals	February 1, 2021, 4:00 p.m.
Evaluation of Proposals	February 2 - 9, 2021
Selected Firm Notified	February 19, 2021
Contract Preparation	March 1 - 8, 2021
Award of Contract by City Council	March 22, 2021

**B. Audit Commencement**

The City will have records ready for interim audit work and all management personnel available to meet with the firm's personnel after execution of contracts.

**C. Proposed schedule for the 2020-2021 Year Audit**

(A similar time schedule will be developed for audits of future fiscal years).

Accounting records will be ready for audit by September 30<sup>th</sup>. The audit fieldwork should begin no earlier than this date and be completed no later than October 31<sup>st</sup>. Changes in time requirements for any of these must be approved by the Finance Director in advance.

**V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

**A. City Finance Department Staff**

The Finance Department staff, and responsible management personnel will be available during the audit to assist the Auditor by providing information, documentation, explanations, and preparation of necessary schedules.

**B. Work Area, Internet, and Office Equipment**

The City will provide the Auditor with reasonable workspace. The auditor will also be provided with access to internet, photocopier, and fax machine.

**C. Report Preparation**

The Auditors will prepare the draft and final versions of the financial statements including notes, supplemental schedules and other reports, for the City as outlined above in Section II "Nature of Services to be Provided".

## VI. REQUEST FOR PROPOSAL FORMAT

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

### A. Title Page

The title page should include the request for proposal subject, the name of the proposer's firm, local address, telephone number, name and title of contact person, and the firm's California CPA License Number and Federal TIN.

### B. Table of Contents

Includes a clear identification of the material by section and by page number.

### C. Content

The purpose of the Proposal is to demonstrate the qualifications, competence and capacity of the Auditor seeking to undertake an independent audit in conformity with the requirements of this Request for Proposal.

As such, the substance of the proposals will carry more weight than their form or manner of presentation. The Proposal should demonstrate the qualifications of the Auditor and of the staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

The Proposal should address all the points outlined in the RFP. The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the RFP requirements. While additional data may be presented the following subjects, the areas below must be included. They represent the criteria against which the proposal will be evaluated.

- ***Independence***

The Auditor should provide an affirmative statement that it is independent of the City, as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards.

- ***License to Practice in State of California***

An affirmative statement should be included that the Auditor and all assigned key professional staff are properly licensed or registered to practice in the State of California.

- ***Business License***

The Auditor selected must possess a City of Atwater business license while conducting work under this contract.

- **Insurance**

The Auditor shall make a positive statement that it has the required insurance policies in force in the amount of coverage for not less than \$2,000,000 for Professional Liability, Errors and Omissions, Workers Compensation, Comprehensive General Liability and Auto (Owned and Non-Owned). Prior to commencement, the Auditor will be required to provide certificates of insurance coverage.

- **Auditor Qualifications and Experience**

The proposer 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, 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.

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 and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

- **Partner, Supervisory and Staff Qualifications and Experience**

Identify the principal, management, and supervisory staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in California. 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 these audits.

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.

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 RFP can only be changed with the express prior written permission of the City. The City retains the right to approve or reject replacements.

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

#### **D. Local Government Client References**

Provide a listing of at least five municipal clients which the firm's local office serves, with preference to similar engagements as described in this request for proposal.

#### **E. Specific Audit Approach**

The proposal should provide in detail the firm's approach to the City of Atwater's audit, including the procedures to be performed, the use of statistical sampling, the utilization of computers on the audit engagement, analytical procedures that may be used, the consideration of laws and regulation, assistance required from City staff and proposed segmentation of the audit.

The proposal should also provide information of the firms understanding of the objectives and scope of the engagement as outlined in Section II "Nature of Services to be Provided" of the RFP.

#### **F. Contents of Cost Proposal**

The cost proposal should contain all pricing information relative to performing the services/reports (deliverables) as described in this RFP. The total all-inclusive maximum fee (not to exceed total) to be bid is to contain all direct and indirect costs including all out-of-pocket expenses\*.

The cost proposal should be submitted in the format provided in **Attachment A, "SUMMARY AUDIT WORK COST PROPOSAL FORM"** and include the total all-inclusive maximum fee for each of the specific deliverables identified in this RFP.

*\*Out-of-pocket expenses must be included in the total all-inclusive maximum price per deliverable on Attachment A. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm per deliverable.*

#### **G. Rates for Additional Professional Services**

Should it 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, then such additional work shall be performed only if set forth in an addendums to the contract between the City and the Auditor. Any such additional work agreed to shall be performed at the rates set forth on **Attachment B, "SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR FISCAL YEAR 2020-21"**.

If additional work is required in subsequent years, the City and the Auditor will agree upon hourly rates to be utilized in the addendums.

## **VII. ADDITIONAL INFORMATION**

### **A. 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.

## **VIII. EVALUATION PROCEDURES / SELECTION**

### **A. Evaluation Criteria**

Proposals will be evaluated based upon their response to provisions of this RFP. The following factors will be considered in selection of the Auditor (*no specific weight or point values are assigned*);

1. The Auditor is independent and licensed to practice in California.
2. The Auditor has no conflict of interest in regard to any other work performed by the Auditor for the City.
3. The Auditor adheres to the instructions in this RFP on preparing and submitting the proposal.
4. Maximum fees to conduct audit and prepare reports as outlined in RFP.
5. The Auditor's past experience and performance on comparable government engagements.
6. 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.
7. Overall specific audit approach.

### **B. Final Selection**

The City's Audit and Finance Committee will confirm the selection of the Auditor at their February 22, 2021 meeting and forward to City Council for approval at the March 22, 2021 Council Meeting.

**Attachment A**

**SUMMARY SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

*(Additional – 2yr Opt. to Extend )*

<b>REQUIRED DELIVERABLES:</b>	2020-21	2021-22	2022-23	2023-24	2024-25
City Audit/ Financial Stmts.					
Internal Control Review – Memo/Ltr					
GANN Limit - Ltr					
SCO City Financial Transactions Report					
SCO Annual Street Report					
Schedule of Debt Service Coverage - WW Series 2017A & 2018A					
<b>Total</b>					
<b><u>(Other items)</u></b>					
<b>Single Audit – If Threshold has been exceeded.</b>					
<b>Schedule of Debt Service Coverage – SA to Atw RDA Series 2017A (if needed)</b>					

**Attachment B**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES  
FOR FISCAL YEAR 2020-21 (Only)**

<b>Classification:</b>	<b>Hourly Rate</b>
Partners	
Managers	
Supervisory Staff	
Professional Staff	
Clerical Staff	
Other (specify)	