

CITY COUNCIL

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City Clerk

Leticia Espinosa
City Treasurer

CITY OF ORLAND

INCORPORATED 1909

815 Fourth Street
ORLAND, CALIFORNIA 95963
Telephone (530) 865-1600
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CITY MANAGER

Peter R. Carr

REQUEST FOR PROPOSALS Auditing Services

Release Date: July 22, 2022
Closing Date: August 12, 2022
RFP No: 22-FAS-01
RFP Name: Financial Auditing Services
Contact Person: Name: Rebecca Pendergrass
Agency: City of Orland
Address: 815 4th Street
Orland, CA 95963
Phone Number: (530) 865-1601
Fax Number: (530) 865-1632
E-mail address: rpendergrass@cityoforland.com

Sealed proposals to be received by 2:00 p.m. on Friday, August 12, 2022, at the address listed above.

1. CITY OF ORLAND

A. Organization Background

The City of Orland was incorporated in 1909. The City is a general law city and has a council-manager form of government with a five-member City Council. The City Council consists of five representatives chosen by the electorate. The Mayor and Vice-Mayor are then elected by the Council. Full-service functions of the City government are carried out by approximately 50 full-time and part-time staff members. The population of the City of Orland is approximately 8,527 residents and consists of 3.25 square miles within the City limits. The City's General Fund Budget for Fiscal Year 2022-23 is approximately \$6 million.

The City's Administrative Services Department is responsible for the financial functions of the City which include accounting, revenue, payroll collection, utility billing, cash management, debt management, budgeting and coordination of external audits.

B. Basis of Accounting and Fund Structure

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

Governmental Fund Types:

General Fund

Special Revenue Funds

Debt Service Funds

Capital Project Funds

Proprietary Fund Types:

Enterprise Funds

Water

Sewer

The City may make additions to and/or deletions from this list and to the component units included in the reporting entity as deemed necessary.

C. Computer System

The General Ledger, Accounts Receivable, Accounts Payable, Human Resources, Payroll, Cash Receipting, Utility and Purchasing are processed using MOMs software.

D. Availability of Prior Reports

The City's most recent audit was conducted by Marcello & Company. The previous audits are available on the City's website's Financial Information page: <https://www.cityoforland.com/financial-information/>

2. SERVICES REQUIRED

A. Scope of Work

The City of Orland is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2022, and the two subsequent fiscal years, subject to the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), the concurrence of the City Council, and the annual availability of an appropriation. The proposal package shall present all-inclusive audit fees for each year of the contract term and shall be submitted in a separate sealed envelope as provided for in this Request for Proposal.

These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards (1994 edition, with all subsequent amendments), the provisions of the federal Single Audit Act of 1984, as amended in 1996, and U.S Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations.

The City of Orland desires the independent auditor to provide the City, its constituents and the public with a comprehensive annual financial report that gives complete, accurate and understandable information about the City's financial condition in conformity with Generally Accepted Accounting Principles (GAAP) and the other provisions contained in this request for proposal. The selected independent auditor will be required to perform the following tasks;

- I. Audit the Basic Financial Statements of the City in conformity with generally accepted accounting principles and issue an opinion thereon; the auditor is not required to audit the combining and individual fund and account group financial statements and supporting schedules. 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 basic financial statements. The auditor is not required to audit the statistical section of the report.

The auditor shall also be responsible for performing certain limited procedures involving Management's Discussion and Analysis (MD&A) and Required Supplementary Information (RSI) required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards. The auditor will prepare and publish the City's Comprehensive Annual Financial report

- II. Test compliance with the Single Audit Act of 1984, as amended in 1996, and applicable laws and regulations; Auditor will prepare and publish an audit report.
- III. Prepare report or memorandum on Internal Control and Management Letter;
- IV. Test compliance with Proposition 111, Article XIII.B – Review of Appropriation Limit Calculations;
- V. The firm selected may also be asked to examine other reports or perform other services as required.

B. Auditing Standards to be Followed

To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with:

- I. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants;
- II. The standards applicable for financial audits contained in *Government Auditing Standards* (1994 Revision), issued by the Comptroller General of the United States;
- III. The provisions of the Single Audit Act as amended in 1996; and
- IV. The provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

C. Reports to be Issued

Following completion of the audit and preparation of the fiscal year's comprehensive financial statements and special purpose audits, the auditor shall issue:

- I. Reports on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America as listed below;
 - a. Basic Financial Statements for the City;
 - b. Single Audit Report on Federal and Selected State Awards for the City of Orland, if required.
- II. A report based on the auditor's understanding of the internal control structure and assessment of control risk; In this report, the auditor will also communicate any reportable conditions found during the audit and indicate whether they are also material weaknesses.
- III. A separate report on the auditor's analysis of the internal control structure used in the administration of federal financial assistance programs;
- IV. A report on the City's compliance with laws and regulations related to "major" federal awards including an opinion on compliance with specific requirements applicable to "major" federal awards programs; the report on compliance shall include all instances of non-compliance.
- V. A Management Letter addressed to the City Council of the City of Orland setting forth recommendations (as applicable) for improvements in the City's accounting systems;
- VI. The auditor shall communicate in a letter to the City Manager 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; "Non-reportable conditions discovered by the auditor shall be communicated in the "Management Letter".
- VII. A report on compliance with Proposition 111, Article XIII.B of the California State Constitution and Government Code 7900 (et seq.) in its calculation of the "Gann Limit".

- VIII. Auditors shall be required to make immediate, written notification to the City Manager, Director of Management Services/Finance and City Attorney of all irregularities and illegal acts or indications of illegal acts of which they become aware.

D. Other Communications

The independent auditor shall make all communications to the City required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

- I. The auditor's responsibility under generally accepted auditing standards;
- II. Significant accounting policies;
- III. Management judgment and accounting estimates;
- IV. Significant audit adjustments;
- V. Other information in documents containing audited financial statements;
- VI. Disagreements with management;
- VII. Difficulties encountered in performing the audit; and
- VIII. Errors, irregularities, and illegal acts.

E. Working Paper Retention and Access to Working Papers

All work papers and reports must be retained, at the auditor's expense, for a minimum of seven years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the City of the need to extend the retention period. The work papers are subject to review by federal and state agencies and other individuals designated by the City. Accordingly, the work papers shall be made available upon request.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

3. STANDARD TERMS AND CONDITIONS

A. Cost for Preparing Proposal

The cost for developing the proposal is the sole responsibility of the proposer. All proposals submitted become the property of the City of Orland. Submitted proposals, including fee proposals, are subject to the California Public Records Act.

B. Firm's Current Workload and Schedule

Provide information supporting firm's ability to perform in a timely fashion. Present workload of key personnel assigned to this account. Indicate that the personnel listed in the submittal shall be available for and assigned to the City based on illustrated workload. Indicate firm's ability to meet implementation schedule. It will be important to limit response to similar projects based on current and near future workload.

C. Sub-consultants/Subcontractors

Contractor shall submit a list of sub-consultants/subcontractors, if applicable. No substitutions shall be made without prior written approval by the City.

I. Intangibles

Describe any significant or unique accomplishments or awards for work performed for similar agencies. Provide any additional information which may be relevant to the City's account.

II. Litigation

Please list any past and/or pending litigation or disputes relating to the work described herein, that the firm has been involved in within the last five (5) years. List shall include account name, nature of litigation and outcome of litigation (if resolved).

III. License

Firm shall submit proof of licensing as may be required by local, state, or federal agencies to perform the required work.

4. PROPRSAL FORMAT GUIDELINES

These instructions outline the guidelines governing the format and content of the proposal and the approach to be used in its development and presentation. The

intent of the RFP is to encourage responses that clearly communicate the Proposer's understanding of the City's requirements and its approach to successfully provide the products and/or services on time and within budget. Only that information which is essential to an understanding and evaluation of the proposal should be submitted. Items not specifically and explicitly related to the RFP and proposal, e.g., brochures, marketing material, etc., will not be considered in the evaluation.

All proposals shall address the following items in the order listed below and shall be listed as A through H in the proposal document.

A. Cover Page

This is to be used as the first page of the submission. This form must be fully completed and signed by an authorized officer of the firm.

B. Executive Summary

This part of the response to the RFP should be limited to a brief narrative highlighting the proposer's qualifications and experience.

C. Approach and Methodology

Provide a straightforward and concise presentation. The proposal should include your understanding of the City and emphasize a clear understanding of the scope of services required and demonstrate the necessary resources to perform the intended services.

D. Firm Information / Organization

The Proposer must identify the Project Manager who will be working directly with the City and engaged in managing the work. Resumes must be included which reference the individual's qualifications and experience in managing similar projects. List relevant projects worked on, dates showing length of time spent on each project and the specific duties and responsibilities for each project.

Identify the responsibilities of other key individuals besides the Project Manager who will be assigned to the proposed contract, and who will have major responsibilities for performance of the services required. Include resumes that list relevant projects worked on, dates showing the length of time spent on each project and the specific duties and responsibilities for each project.

The City reserves the right to approve or disapprove any change to the successful Proposer's Project Manager. Personnel changes that impact the contract may result in the cancellation of the contract.

E. Staffing

Provide a list of principals, including any sub-contractors, with their qualifications. Upon award of contract, principals may not be changed without approval of the City. Describe firm's support organization, accessibility, and quality assurance methods for optimizing staff utilization.

F. Peer Review

Proposer is required to submit a copy of the report on its most recent external quality control (peer) review, with a statement whether that quality control review included a review of specific government engagements (required by *Government Audit Standards (1994)*).

Proposer 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, Proposer 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.

G. References

The information requested in this section should describe your qualifications within the past five years that are similar in size and scope to demonstrate competence to perform these services. Information shall include:

- Names of key staff that participated on named projects and their specific responsibilities;
- A summary of your firm's demonstrated capability, including length of time that you have provided the services being requested in this Request for Proposal.
- Provide at least three references that received similar services from your firm. The City may contact the organizations and individuals. Information provided shall include:
 - Client Name
 - Project Description
 - Project Start and End Dates
 - Client Project Name and Contact Information

H. Fee/Cost Proposal

A fee proposal should be submitted and include material, supplies, and any associated travel expense rates, if not already included in the personnel rate.

The cost proposal must **itemize ALL** proposed fees as a part of the vendor's recommended solution. For the purposes of this RFP, this includes, but is not limited to the following:

- I. Hourly rates for regular business hours (state regular business hours), if applicable.
- II. Any additional travel or trip charges, if any.
- III. Include any minimums that apply.
- IV. Include any alternate pricing structures (such as block of hours).
- V. Cost proposal must refer/reference specific Scope of Work items.
- VI. If a specific requested service, function, or option is not offered/available please indicate.
- VII. Provide a total cost for this assignment. Total cost for this assignment and individual cost for fiscal year 2022, 2023, and 2024.
- VIII. Include any general comments on pricing, or different levels of service.
- IX. Pricing should include all fees associated with this task.
- X. It is expected that all proposers responding to this RFP will offer government or comparable most favorable rates. Any and all discounts offers must be clearly delineated.

PLEASE NOTE: The City of Orland does not pay for services before it receives them. Therefore, do not propose contract terms that call for upfront payments or deposits

5. EVALUATION AND SELECTION CRITERIA

The contract will be awarded to the respondent who submits a proposal that, in the judgment of the City of Orland, is best able to produce a quality review for the best price. The past performance of the respondent, as verified by references, will be of important consideration.

The following is an outline of the procedures the City will use in the selection process:

- A. City organizes the Screening and Selection Committee (Committee).
- B. The Committee reviews the proposals submitted by the prospective consultants.
- C. The Committee selects proposals which qualify based on the qualifications and previous experience performing similar work.
- D. The Committee will determine and identify the consultants that are qualified to perform the services and will rank the consultants based on their demonstrated competence and professional qualifications deemed necessary for the satisfactory performance of the services required. Qualifications will be based on, but not limited to, the following considerations:
 - i. Quality and completeness of proposal
 - ii. Proposer's experience, including the experience of staff to be assigned to the project and with other engagements of similar scope and complexity;
 - iii. Proposer's ability to perform the work within the time specified;
 - iv. Proposer's prior record of performance with other cities or governmental agencies;
- E. The Committee, at its discretion, may invite the most qualified firms to participate in an oral interview with City staff to further determine the most qualified firm.
- F. The Committee will make its selection based on qualifications submitted in the written proposal and demonstrated during oral interview. Contract negotiations will be undertaken with the firm ranked most qualified, with the city's goal being to secure the services at a cost equivalent to the lowest cost offered to the City by

an approved and qualified consultant and which provides to the City the best long range economic value.

Proposal Evaluation

Respondents will be evaluated according to the following factors: Overall quality of the proposal (20%); Contractor qualifications and experience, including reference checks (25%); Prior experience with government entities (15%); Availability and capacity of the contractor (15%); Cost (25%). The selection of the contractor will be based primarily on the evaluation of the written responses. Interviews may be held if deemed necessary by the City. The award will be made to the most qualified contractor whose proposal is deemed most advantageous to the City, all factors considered. Unsuccessful respondents will be notified as soon as possible.

Proposals can be sent by mail or hand delivered to:

Rebecca Pendergrass
Director of Administrative Services
815 Fourth Street
Orland, CA 95963

Upon receipt of the responses, City staff will review and assign a score and then select firms to interview or simply open direct negotiation with the firm that presents the highest scoring proposal. This solicitation is being offered in accordance with federal and state governing procurement of professional services. Accordingly, the City reserves the right to negotiate an agreement based on fair and reasonable compensation for the scope of work and services proposed, as well as the right to reject any and all responses deemed unqualified, unsatisfactory, or inappropriate.

Small, minority and female-owned businesses and Section 3 business concerns are encouraged to apply. The City of Orland is an Equal Opportunity employer.