



REQUEST FOR PROPOSAL
FINANCIAL AUDIT SERVICES

RETURN TO:

City of Rio Dell
675 Wildwood Avenue
Rio Dell, California 95562
Attention: Travis Sanborn, Finance Director

The request for proposal process allows the City to select the vendor that best meets the needs of the City, taking into consideration qualifications, price, and service capabilities.

RFP Release Date: February 21, 2024

RFP Submittal Deadline: April 5, 2024, at 3:00 PM

Table of Contents

I.	Introduction	1
II.	Description of the City	2
III.	Scope of Services	2
IV.	Deliverables	3
V.	City’s Responsibilities	4
VI.	Compensation	4
VII.	Proposal Requirements	4
VIII.	Evaluation Process	7
IX.	Terms of Engagement	7
X.	Submission Instructions	7

I. INTRODUCTION

- a. The City of Rio Dell requests proposals from qualified firms of certified public accountants to audit its financial statements for six years, starting with the fiscal year ending 2024. These audits are to be performed in accordance with Generally Accepted Auditing Standards (GAAP), the standards set forth for financial audits in the U.S. General Accounting Office's (GAO) Governmental Auditing Standards, federal single audit requirements, and Governmental Accounting Standards Board (GASB) Pronouncements.
- b. During the evaluation process, the City of Rio Dell reserves the right, where it may serve the City's best interest, 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 asked to make oral presentations as part of the evaluation process.
- c. The City of Rio Dell reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and expressly noted in the proposal submitted and confirmed in the contract between the City of Rio Dell and the firm selected.
- d. To be considered, five (5) proposal copies must be received by 3:00 PM, April 5, 2024. Please send proposals to:

Travis Sanborn, Finance Director
City of Rio Dell
675 Wildwood Avenue
Rio Dell, California 9556
(707) 764-3532
sanbornt@cityofriodell.ca.gov

- e. The City of Rio Dell reserves the right to reject all provisions submitted and waive any irregularity.
- f. Questions about this Request for Proposal should be directed to Travis Sanborn at sanbornt@cityofriodell.ca.gov. Electronic versions of the prior year's City audit reports are available upon request.
- g. It is anticipated that the selection of a firm will be completed by April 16, 2024.

II. DESCRIPTION OF THE CITY

- a. Rio Dell is located approximately 28 miles south of the City of Eureka in Humboldt County and was incorporated in 1965 as a general law city that operates under the council-manager form of government. The City Council consists of the Mayor, who the Council elects to serve a two-year term, and four members, who are elected at large, serving a staggered term of four years. The City provides a full range of municipal services, including Police, Building, Planning, Water, Sewer, Streets, and Administration.
- b. The City's Fiscal Year 2023-24 Operating and Capital Budget totals \$8.7 million.
- c. The Finance Department performs general accounting, budgeting, accounts payable, accounts receivable, cash receipts, utility billing, business license, payroll, cash management, and debt administration.
- d. The City of Rio Dell uses Accufund software for all accounting functions.
- e. The auditor's principal contact with the City of Rio Dell will be the Finance Director. The contact person will coordinate the assistance the City of Rio Dell provides to the auditor.

III. SCOPE OF SERVICES

- a. The auditors will perform a financial and compliance audit to determine (a) whether the combined financial statements of the City fairly present the financial position and the results of financial operations in accordance with Generally Accepted Accounting Principles and (b) whether the City has complied with laws and regulations that may have a material effect upon the financial statements.
- b. The auditors 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 the City Manager. The examination shall be made, and reports rendered in accordance with generally accepted government auditing standards.
- c. In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit.
- d. Reportable conditions that are also material weaknesses shall be identified in the report. Non-reportable conditions discovered by auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

- e. Irregularities and illegal acts: Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of unlawful acts of which they become aware to the following parties:
 - i. City Council
 - ii. City Manager
 - iii. Finance Director
- f. Before issuing their final reports, the auditors will meet with the Finance Director and their designees and conduct an exit interview. All audit reports will be addressed to the City Council.
- g. Field Work: The City of Rio Dell anticipates and expects the primary fieldwork for the City to begin on or near the first week of October of each year. This does not include preliminary fieldwork, which may occur in June or July.
- h. Attendance at Meetings and Hearings: As part of the work scope, and included in the contract price, is attendance by the Contractor at a minimum of one (1) public meeting to present and discuss its findings and recommendations. The contractor shall attend as many “working” meetings with staff as necessary in performing work-scope tasks.
- i. The auditors may be consulted occasionally throughout the year as an information resource. The auditors may be asked to provide guidance on implementing Government Accounting Standards Board (GASB) requirements and specifics of federal and state regulations as they may affect local governmental accounting. They may also be asked to assist with the implementation of new pronouncements.

IV. DELIVERABLES

- a. Audit and preparation of financial statements.
- b. If the City’s federal expenditures meet the required limit, test programs for compliance with the Single Audit Act and applicable laws and regulations and issue the Single Audit Report.
- c. Perform agreed-upon auditing procedures about the City’s GANN Limit (Appropriations Limit) and render a letter to the City regarding compliance.
- d. Preparation of the State Controller’s Financial Transactions Report.
- e. Electronic copies of the above reports should be emailed to the City staff when completed.

V. CITY'S RESPONSIBILITIES

- a. City staff will prepare the final closing of the books and provide the Transmittal Letter and Management's Discussion and Analysis (MD & A). The City will provide balance sheets for all funds and detailed subsidiary ledgers.
- b. City staff will produce the confirmation letters that the auditors mail.
- c. The City will provide the auditor with reasonable workspace, desks, and chairs. The auditors will also be furnished access to the internet, telephones, facsimile machines, and photocopying machines.

VI. COMPENSATION

- a. The City will pay the auditors for those services described in Section III (Auditor's Responsibilities) the not-to-exceed amount contained within the agreement. For additional services required after the agreement's inception, written approval by the City is required before such services are rendered, for which a fee will be paid based on the auditor's quoted hourly rates.
- b. The auditors may submit itemized bills for their services at the end of each calendar month. The City will promptly review and issue payment accordingly.
- c. The City shall receive all final opinions and reports for the City of Rio Dell's financial statements by December of each year, barring any unforeseen City delays.

VII. PROPOSAL REQUIREMENTS

- a. Independence: The firm should provide an affirmative statement that it is independent of the City of Rio Dell as defined by generally accepted auditing standards. Moreover, the firm must have no conflicts of interest with regard to any other work performed for the entity being audited. It is understood that the services performed by the auditors are in the capacity of independent contractors rather than as officers, agents, or employees of the City of Rio Dell.
- b. License to Practice in California: An affirmative statement indicating that the firm and all assigned key professional staff are appropriately licensed to practice in California should be included.
- c. 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, and the number and nature of the staff to be so employed on a part-time basis. Please indicate whether

any members of the audit team assigned to the City are reviewers in the GFOA Certificate of Achievement for Excellence in Financial Reporting program or the CSMFO Certificate of Award program.

- d. The firm must also submit a copy of the report on its most recent external quality control review, stating whether it included a review of specific government engagements.
- e. 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.
- f. For the firm's office assigned responsibility for the audit, list the most significant engagements (maximum of 10) performed in the last five years that are similar to the engagement described in this proposal request. Reference contacts should also be included.
- g. Partner, Supervisory, and Staff Qualifications and Experience: The firm shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors, and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in California. The firm also should provide information on the governmental auditing experience, including the scope of audit services requested by the City of each person, information on relevant continuing professional education for the past three (3) years, and membership in professional organizations pertinent to the performance of this audit.
- h. Specific Audit Approach: The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Part I, Section III of this request for proposals.
- i. Total All-Inclusive Maximum Price: The bid should contain all pricing information relative to performing the audit engagement described in this proposal request. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses. Maximum pricing should be included for all years of audits.
- j. Hourly Rate Schedule for key personnel assigned to the City's Project.
- k. Ownership of City-Related Documents: All property rights, including publication rights of all reports produced by the proposer in connection with services performed under this agreement, shall be vested in the City of Rio Dell. The

proposer selected shall only publish or release the results of its examinations with express written permission from the City of Rio Dell.

- l. Acceptance of Proposal Contents: After the City selects auditors, the contents of the submitted proposal will become a contractual obligation. The successful proposer must execute a standard consultant agreement with the City. Failure of the auditors to agree to include the proposal as part of the contractual agreement may result in the cancellation of the award. The City reserves the right to reject those parts that do not meet the City's approval.
- m. Acceptance or Rejection and Negotiation of Proposals: The City reserves the right to reject any or all proposals, waive non-material irregularities or information in the proposal request, and accept or deny any item or combination. By requesting proposals, the City is in no way obligated to award a contract or to pay the expenses of the proposing firms in connection with the preparation or submission of a proposal. Furthermore, the City reserves the right to reject any proposals before executing the contract(s) without penalty to the City of Rio Dell. If the City elects to refuse all proposals, it reserves the right to continue with its current service arrangement.
- n. Insurance Requirements: The Contractor shall provide proof of insurance as specified:
 - i. Commercial General Liability (CGL) with limits of no less than \$1,000,000 per occurrence
 - ii. Workers' Compensation with limits of no less than \$1,000,000 per occurrence
 - iii. Professional Liability with limits of no less than \$1,000,000 per occurrence
- o. Business License: The Contractor must have a valid City of Rio Dell business license before executing the contract. Additional information regarding the City's Business License Program can be obtained from Karen Dunham, City Clerk dunhamk@cityofriodellcity.ca.gov, or (707) 764-3532.

VIII. EVALUATION PROCESS

- a. In reviewing the proposals, a city review team will use the following criteria (not in ranked order):
 - i. Experience and qualification of staff assigned to the engagement
 - ii. References (particularly local government references) and relevant work performed for those references
 - iii. Firm's demonstrated interest in maintaining continuity of auditing staff assigned to clients over time
 - iv. Cost
- b. Proposers may be asked to make oral presentations to supplement the proposal. These presentations will be held after receipt of the proposals and will be part of determining the auditors' qualifications. The oral presentation may result in the City's rejection of the proposal.

IX. TERMS OF ENGAGEMENT

- a. The audit contract period shall cover six years (6) starting with the fiscal year ending June 30, 2024.

X. SUBMISSION INSTRUCTIONS

- a. To be considered, five (5) proposal copies must be received by 3:00 PM, April 5, 2024. Please send proposals to:

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