



REQUEST FOR PROPOSALS (RFP) FOR PROFESSIONAL AUDITING SERVICES

Date Issued: November 24, 2021

Proposals Due: December 31, 2021

The City of San Rafael is seeking proposals for the preparation of both financial and compliance audit reports covering the City and its related operations from qualified firms of certified public accountants.

Respondents to this RFP shall submit completed proposals electronically by 5:00 p.m. on **December 31, 2021** to the following email address:

Claire Coleman
Senior Management Analyst
City of San Rafael
1400 Fifth Avenue, Room 204
San Rafael, CA 94901
claire.coleman@cityofsanrafael.org

Please contact Claire Coleman if you have any questions:

Email: claire.coleman@cityofsanrafael.org

Phone: (415) 451-2474

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Request for Proposals (RFP) for Professional Auditing Services

Introduction

The City of San Rafael ("City") is requesting proposals for Professional Auditing Services. All proposals must be sent electronically to claire.coleman@cityofsanrafael.org **by no later than 5:00 p.m. on December 31, 2021. Late proposals will not be considered.** The proposals shall be clearly marked **Proposal for Professional Auditing Services**.

Proposals must be responsive to City's request. The City will select a firm on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required. Cost alone shall not be the determinative factor.

The request for proposals does not obligate the City to award a contract, and the City reserves the right to cancel the request for proposals if deemed in its best interest. Responding firms shall be solely responsible for any expenses incurred in preparing proposals in response to this request.

About the City of San Rafael

The City of San Rafael was incorporated in 1874 and became a charter city in 1913. The City operates under the Council/Manager form of government and is governed by a five-member City Council, which comprises four districted councilmembers and an at-large mayor. The City's mission is to enhance the quality of life and to provide for a safe, healthy, prosperous and livable environment in partnership with the community. The City has a staff of about 412 full-time employees and is a full-service city, which includes the following departments:

- City Attorney's Office
- City Clerk's Office
- City Manager's Office
- Community Development
- Digital Service and Open Government
- Economic Development and Innovation
- Human Resources
- Finance
- Fire
- Library and Recreation (includes Parks, Recreation, Library, and Childcare)
- Parking Services
- Police
- Public Works
- San Rafael Sanitation District

The City's fiscal year begins on July 1 and ends on June 30. For Fiscal Year 2021-22, the City of San Rafael has a total operating budget of approximately \$128 million for all funds and the General Fund makes up approximately \$89.5 million of that total. While City operations generate revenue from various public services, such as licensing, permitting, and building activity, the three primary sources of revenue for the General Fund are sales tax, property tax, and transaction and use tax (TUT). See the City website <https://www.cityofsanrafael.org/departments/finance/> for the most recent City Operating and Capital Improvement Program Budget and the Comprehensive Annual Financial Report (CAFR).

Scope of Auditor Services

The objective of this RFP is to receive proposals for professional audit services. Services shall include, but are not necessarily limited to, the following described below.

The City of San Rafael desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles. The audit shall include an examination of all City funds by certified public accountants duly authorized to practice as such by the State of California. The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board, as mandated by generally accepted auditing standards.

The auditor shall review and verify all trial balance worksheets and summary schedules including balance sheets, revenues, expenditures, and changes in fund balance for each City fund. The data source for the schedules will be the financial statements supplied by the City. An initial draft of the CAFR will be prepared by City staff and will be given to the auditors during the final stage of the audit. Final report preparation and necessary editing shall be the responsibility of the Auditor.

The auditor shall submit for management review a draft of all reports. The final reports are subject to review by the City Council. The auditor shall incorporate, as part of the basic proposal, meeting time with staff and City Council for the purpose of discussing the audits or management letter and its conclusions.

Reports To Be Issued

- Comprehensive Annual Financial Report (CAFR), including a web-ready CAFR PDF to be issued on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- Management and SAS 114 Letters, which includes findings, statements, observations, opinion, comments, or recommendations, related to:
 - o Systems of internal control based upon the auditors' understanding of the control structure and assessment of control risk.
 - o Compliance with applicable laws and regulations.
 - o Accounting systems, functions, procedures, and processes, especially regarding cost effectiveness.
- Single Audit Report which includes a City prepared Schedule of Expenditures of Federal Awards
- Child Development Program Audit Report
- Transportation Development Act (TDA) Program Audit Report
- Agreed-Upon Procedures Performed Related to the calculation of the Gann Appropriations Limit

Proposal Submission Requirements

The proposal shall be organized and submitted with the following elements:

- Cover page
- Table of Contents
- Questionnaire
 - Proposer shall provide responses and information to fully satisfy each item in the Questionnaire (see section below). Each question item should be presented before the proposer's response.
- Attachments
 - A report on firm's most recent external quality review, any findings discovered as part of that review and actions taken to correct those findings.
 - The firm also must disclose 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, as well as any pending or settled litigation within the past three (3) years.
 - Any other attachments deemed relevant.

Please keep your proposal to no more than twenty (20) pages in length. This page limit includes the cover page, table of contents, executive summary, questionnaire, and any supplemental attachments.

Questionnaire

A. Company and General Information

- Company name and address.
- Letter of transmittal signed by an individual authorized to bind the respondent, stating that the respondent has read and will comply with all terms and conditions of the RFP.
- General information about the primary contact who would be able to answer questions about the proposal. Include name, title, telephone number and email address of the individual.

B. Qualifications and Experience of the firm

- Describe your firm's history and organizational structure. Include the size of the firm, location of offices, years in business, organizational chart, and name(s) of owner(s) and principal parties.
- Identify partners, manager, and seniors who will be assigned to work on this project and the firm's office in which they are each located. Include brief summaries of their background (including if they hold a current CPA license) and experience in auditing cities, as well as their assigned responsibilities under the proposal.
- What is your firm's experience in public sector accounting and auditing?
- Comment on other areas that may make your firm different from your competitors.

C. Questions/Response to Scope of Services

- Describe the audit approach and methodology to be used to perform the services. This may include a discussion of:
 - i. Approach to selection of sample size;
 - ii. Use of specialized software;
 - iii. Analytical procedures;
 - iv. Approach to internal control structure;
 - v. Approach to determining laws / regulations subject to audit test work;
 - vi. Identification of any anticipated problems, or special assistance required from city staff; and
 - vii. The format of the report.

D. Fees

- Provide your fees for the proposed service.
- Detail costs and hourly billing rates, as well as any proposed method of adjustment in the cost of services for subsequent years of the engagement, if applicable.
- Outline billing and payment expectations, including timing and method of payment.
- Describe any remaining fees not already detailed above.
- Present a specific "not to exceed" fixed fee, including associated fees (i.e., printing costs, attendance at meetings, travel) and all direct and indirect costs.

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E. References

- Provide a list of the municipal agencies for which the respondent has provided audit services for the past three calendar years.
- Provide the following information for three client cities that are similar in size and scope to the project requested by this proposal:
 - Name of Public Agency
 - Name and title of contact person
 - Telephone number and email address of contact person
 - Brief description of the scope of the audit performed

F. Implementation Schedule

- Include a work schedule and note key project milestones and timelines for deliverables. Identify any assumptions used in developing the schedule. Any assumptions regarding turnaround time for City Staff review should be clearly noted.
 - Please note that auditor is responsible for identifying required review times for the City input and must account for printing and distribution within any timelines identified in this RFP.

Evaluation of Proposals and Selection Process

Evaluation of Proposals

The project's core team, composed of City staff, will evaluate all proposals in accordance with the criteria listed below. The City team members, in applying the major criteria to the proposals, may consider additional criteria beyond those listed. In addition to evaluating written proposals, twenty-minute oral interviews may be requested to allow for a formal presentation by the proposer.

The final selection will be the firm which, in the City's opinion, is the most responsive and responsible, meets the City's requirements in providing this service, and is in the City's best interest. The City maintains the sole and exclusive right to evaluate the merits of the proposals received.

Proposals will be evaluated based on the following criteria:

- Thoroughness and understanding of the tasks to be completed
- Background and experience in professional audit and accounting services
- Staff expertise and overall experience of personnel assigned to the work
- Responsiveness to requirements of the project
- Recent public sector experience, preferably in a municipal setting conducting similar work
- Costs

Although price for the services will be an important part of the consideration for award of the project, the City will consider the consultant's qualifications, expertise and level of professional service in the award of the project.

Timing and Schedule

We will make every effort to administer the RFP process in accordance with the terms and dates outlined below. However, we reserve the right to modify the RFP process and dates as deemed necessary.

Event	Time	Date
RFP Published and distributed		November 24, 2021
Proposal submission deadline	5:00 PM	December 31, 2021
Proposals reviewed and evaluated by staff		January 3 - 14, 2022
Recommendation to City Council with Agreement		January 17, 2022
Contract work begins		January 24, 2022

Additional Information

All responses to this RFP will become the property of the City of San Rafael.

This RFP does not commit the City to award a contract or to pay any costs incurred in the preparation of the company's proposal. The City reserves the right to modify or cancel this RFP in part or in its entirety and to accept or reject any or all proposals received if they do not meet the minimum requirements of this RFP. The City also reserves the right to negotiate with the selected firm to revise the scope of services if necessary, including modifying the services requested to more closely match City needs.

If your firm is awarded the contract, your services (as well as those provided by other members of the team) will be subject to the terms of a Professional Services Agreement. Your company should review the terms of the Agreement to ensure that the proposal is consistent with its provisions and include in the proposal an acknowledgement of acceptance of those provisions, including requirements for indemnification and insurance. If your company takes exception to any of the terms, such concerns or exceptions must be expressly stated in the proposal.

Insurance and Business License

The firm receiving the contract for audit services shall procure and maintain, for the duration of the contract, insurance as required in the City's standard professional services agreement. The firm selected must have a valid City of San Rafael business license while conducting any work under this contract for each year of the contract term. Additional information regarding the City's business license program may be obtained by calling (415) 485-3051.

Standards To Be Followed

To meet the requirements of this request for proposal, these audits are to be performed in accordance with all applicable and generally accepted auditing standards including, but not limited to: the standards set forth for financial audits by the Government Accounting Standards Board (GASB), in the General Accounting Office's (GAO) Government Auditing Standards, and in the U.S. Office of Management (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Special Considerations

The City of San Rafael has received awards from the Government Finance Officers Association (GFOA) for the "Certificate of Achievement for Excellence in Financial Reporting" for the past nine years. The City of San Rafael anticipates that it will continue to send its Annual Comprehensive Financial Report to GFOA for review in their Certificate of Achievement for Excellence in Financial Reporting program. The format of reports shall allow the City to meet the requirements of that program. This also requires that the auditor ensure that the audit report and financial statements are completed in time for submission to GFOA. The auditor shall also assist with developing responses to any comments or deficiencies noted by GFOA.

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 three (3) years, unless the firm is notified in writing by the City of San Rafael of the need to extend the retention period. The auditor will be required to make working papers available to the City of Rafael or any government agencies included in the audit of federal grants. 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.