



CITY OF MT. SHASTA

REQUEST FOR PROPOSALS FOR
CITY OF MT. SHASTA AUDITING SERVICES

Proposal Release Date

May 17, 2019

Proposal Submittal Due Date

June 28, 2019

CITY OF MT. SHASTA, CALIFORNIA
REQUEST FOR PROPOSAL FOR AUDIT SERVICES

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PART 1 – AUDIT SPECIFICATIONS

I. INTRODUCTION

The City of Mt. Shasta (hereinafter referred to as “the City”) is requesting proposals from qualified firms of certified public accountants (hereinafter called “Firm”) for a three-year contract to audit its financial statements for the fiscal year ending June 30, 2019, 2020 and 2021 in addition to performing other reviews as specified herein. At the option of the City, the auditing engagement may be extended for two (2) subsequent fiscal years by written amendment. The Firm will be asked to audit the City’s Annual Financial Statements, complete a Single Audit report if expenditure criteria are met and audit the City’s agency fund. At the option of the City, the audit engagement may be extended for two(2) subsequent fiscal years by written amendment. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial and compliance audits in the U.S. General Accounting Office’s (GAO) *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, the provisions of the Single Audit Act of 1984, as amended in 1996, U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments* and Governmental Accounting Standards Board (GASB) Pronouncements.

During the evaluation process, the City 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. Submission of a proposal indicates acceptance by the Firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the Firm selected.

To be considered, one (1) original and four (4) hard copies of the proposal along with one (1) electronic copy provided on a flash drive must be received at the Office of the City Manager, 305 N. Mt. Shasta Boulevard., City of Mt. Shasta, CA 96067 **no later than 3:00 p.m. June 28, 2019.** It is anticipated that the selected firm will be notified no later than the week of July 15, 2019. Failure to provide the required number of copies may render your proposal non-compliant.

A copy of this Request for Proposal and the City’s most recent Annual Financial Report can be found on the City’s website at www.mtshastaca.gov. All inquiries relating to this Request for Proposal should be submitted to one of the following:

Bruce Pope, City Manager
City of Mt. Shasta
305 N. Mt. Shasta Boulevard
Mt. Shasta, California 96067
(530) 926-7519
bpope@mtshastaca.gov

Muriel Terrell, Finance Director
City of Mt. Shasta
305 N. Mt. Shasta Boulevard
Mt. Shasta, California 96067
(530) 926-7523
mterrell@mtshastaca.gov

II. DESCRIPTION OF THE CITY

The City of Mt. Shasta was incorporated on May 31, 1905 as a general law city and operates under a City Council/City Manager form of government. It is governed by an elected five-member council. The City is located in Siskiyou County in the Northern portion of the State of California, and is approximately 50 miles south of the Oregon border. The City encompasses approximately 3.5 square miles with a population of 3,287 based on the January 1, 2018 State of California Department of Finance estimate.

The City's fund structure includes: General Fund (1), Special Revenue Funds (15), Proprietary Funds - Enterprise (4) and Agency Funds (2).

The estimated budget for FY 2018-2019 is \$?? million. The budget of the General Fund is \$3.9 million.

The City's financial statements are prepared in conformance with GASB 34 and have been audited by *Aiello, Goodrich and Teuscher, Certified Public Accountants* for over 20 years.

The City uses Fund Balance financial software for general ledger, budget, accounts payable, payroll, accounts receivable and business licenses.

III. SCOPE OF WORK TO BE PERFORMED

A. Services to be performed by Auditors

1. In general, 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.
2. The auditors will examine the City's internal accounting controls and accounting procedures and render written reports of their findings and recommendations to the City Manager. The examination shall be made, and reports rendered in accordance with generally accepted government auditing standards. In addition, the auditors shall communicate to the City Manager any reportable conditions found during the audit that can be defined as either a significant or material weakness 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 statement.
3. Auditors shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Manager.

4. Auditors shall include all funds of the City and any component unit(s).
5. Auditors shall submit a report of their examination of the component units' financial statements for each such fiscal year, which shall include such component unit, general purpose and supplementary financial statements, notes to the financial statements and an opinion as to the fairness of their presentation in conformity with generally accepted accounting principles applicable to the various funds or state the reasons for any exceptions to said principles.
6. The Firm shall perform agreed-upon procedures pertaining to the City's Article XIII B Limit (Appropriations Limit) and render a letter annually to the City regarding compliance.
7. The Firm will prepare and perform a single audit on the expenditures of federal grants in accordance with U.S. Office of Management and Budget Grant Guidance/Super Circular and render the appropriate audit reports on the Internal Control over Financial Reporting based upon the audit of the City's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the schedule of Expenditures of Federal Awards. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings, and questioned costs, including reportable conditions and materials and weaknesses, and follow up on prior audit findings where required.
8. The Firm shall prepare accounting and reporting schedules to comply with all provisions of GASB reporting requirements. Including but not limited to the following:
 - Proportionate share of net pension liability, NPL sensitivity, and deferral amounts.
 - All employer-specific deferrals and associated amortization schedule.
 - Adjustment to pension expense for the difference in proportions due to CalPERS methodology.
 - Net pension expense, with all employer-specific amounts.
 - All actuarial amounts required for the note disclosure.
 - All calculations and journal entries.
 - If the auditor chooses not to include this service, please express this openly in the proposal. Any cost associated with performing the GASB 68 pension calculation should be clearly set apart from all other audit services.

9. The Firm shall submit a management letter setting forth their findings and/or recommendations on those matters noted and observed during the conduct of the examination of the financial records and developed within the scope usually associated with such an examination relating to, but not limited to, (a) improvement in systems of internal control, (b) improvement in accounting system, (c) apparent noncompliance with laws, rules, and regulations, and (d) any other material matter coming to the attention of the firm during the conduct of the examination.

B. Timeline Requirements

1. The Firm shall schedule with the Finance Director for the Fiscal Year 2018-2019 Audit.
2. All City books must be closed and ready for audit by the mutually agreed upon start date. City staff shall prepare detailed lead sheets and account reconciliations for the auditors.
3. Field work shall be completed no later than October 31, 2019 and a draft audit report, presented according to the timetable listed under “Specific Deliverables to the City of Mt. Shasta”, shall be prepared and delivered to the Finance Director.
4. The Entrance Conference, Progress Reporting, and Exit Conference should be held within the time frames indicated on the schedule shown below:

i.	Entrance Conference with City Manager, Finance Director and Finance Committee to discuss work to be performed, establish overall liaison for audit and arrangements for space and other needs of the auditor	Prior to start of audit field work
ii.	Progress conference with City Manager, Finance Director and Finance Committee to discuss the year-end work to be performed	Midway through audit field work
iii.	Exit conference with City Manager, Finance Director and Finance Committee to summarize the results of the field work and to review significant findings	At the conclusion of the year-end audit field work

C. Reporting and Communication

1. The Firm will meet continuously during the on-site field work process with the Finance Director to discuss preliminary audit findings and management recommendations.
2. Prior to issuing their final reports, the auditors will meet with the City Manager and Finance Committee with all audit reports to be addressed to the City Council.
3. The Firm may be consulted occasionally throughout the year as an information resource. Auditors may be asked to provide guidance on implementation of Government Account Standards Board (GASB) requirements and specifics of federal and state regulations as they may affect local government accounting. In addition, the auditors may be asked to assist with the implementation of new pronouncements (e.g. GASB 54, GASB 57).

D. Other Considerations

1. All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period.
2. The auditors will be required to make working papers available upon request to the appropriate parties. In addition, the firm shall respond to the reasonable inquiries of success auditors and allow review of working papers relating to matters of continuing accounting significance.
3. Throughout the year, the audit firm will provide financial advice and counsel on matters occurring that would affect the annual report.
4. The audit partner/manager may be required to attend a City Council meeting to explain or clarify financial statements or accounting requirements.

E. Specific Deliverables to the City of Mt. Shasta

Reports	Due Date	Qty.
Audit of the general purpose financial statements and draft of the audit report	No later than December 15, 2019	1 Electronic 1 Bound
Single Audit Report, if applicable	No later than December 15, 2019	1 Electronic 1 Bound
Management Report	No later than December 15, 2019	1 Electronic 1 Bound

IV. CITY RESPONSIBILITIES

A. Finance Department

1. Finance Department staff will prepare the final closing of the books including any auditor adjusting entries or changes to the financial statements as well as providing balance sheets for all funds and groups, statements of revenue and expenditures for all funds including detailed subsidiary ledgers.
2. Finance staff will produce the confirmation letters that are mailed by the auditors.
3. Finance staff will be available to assist the auditors in locating records or preparing audit schedules. All requests from the auditors will be directed to the City Manager or Finance Director.
4. Finance staff will provide the auditors with reasonable workspace to include desks and chairs as well as access to telephones, facsimile machines, and photocopying machines.

B. Report Preparation

1. The auditors will prepare a draft copy of the audit report for review.
2. Final preparation of the audit report will be the responsibility of the auditors. A final PDF of the audit report will be given to the Finance Director for printing and binding.
3. Preparation, editing, and printing of all other reports as indicated in Part I, Section III (E) Specific Deliverables to the City will be the responsibility of the auditors.
4. Finance staff will produce the confirmation letters that are mailed by the auditors.

V. BASIS FOR COMPENSATION

- A. The City will pay the auditors for the services described in Part I, Section III (Scope of Work to be Performed) that do not exceed the amount contained within a signed agreement between the City and the Audit Firm. For additional services required after the inception of the agreement, written approval by the City shall be required in advance of such services being rendered. The fee for such services shall be paid based on the auditor's quoted hourly rates.
- B. The City shall receive all final opinions and reports for the City of Mt. Shasta financial statements no later than the December 15 of each year as outlined in Section III (E) "Specific Deliverables to the City of Mt. Shasta" barring any unforeseen City delays. If delay of deliverables is a result of the Firm, a 1% one

percent reduction in fees for every day beyond the applicable deadline shall be taken. Final reports for Grants and Agency programs shall be completed in time to meet required submission dates.

VI. ADDITIONAL PROVISIONS

- A. Upon notice of intent to award contract, the successful Firm shall enter into a Consulting Services Agreement with the City of Mt. Shasta and must maintain a valid City of Mt. Shasta business license.
- B. No officer, agent, or employee of the City and no member of its governing bodies shall have any financial interest, direct or indirect, in this agreement or the proceeds thereof. No officer, agent, or employee of the auditors shall serve on a City committee or hold any such position which is incompatible with such person's duties or obligations or other relationship to this agreement.
- C. Time is of the essence in each and all provisions of this agreement.
- D. Pursuant to the Single Audit Act of 1984, as amended in 1996, any state or federal agency shall have access to the auditor's work papers for purposes of review. 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 the need to extend the retention period. The auditors shall make their working papers available to successors. The auditor will also be required to make working papers available, upon request, to the following parties or their designees:
 - 1. City of Mt. Shasta
 - 2. Department of Housing and Urban Development
 - 3. U.S. General Accounting Office (GAO)
 - 4. Parties designated by the federal or state governments or by the City as part of an audit quality review process.
 - 5. Auditor of entities of which the City is a sub-recipient of grant funds.

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.

VII. SPECIAL TERMS AND CONDITIONS

- A. Invoices received from the vendor will be processed no sooner than thirty (30) days from receipt.
- B. The City is not liable for any pre-contractual expenses incurred by any bidder. In addition, no bidder shall include any such expenses as part of the price proposed to conduct the operation.

- C. The City reserves the right to withdraw the RFP at any time without prior notice. Further, the City makes no representations that any agreement will be awarded to any bidder responding to this RFP. The City expressly reserves the right to postpone action regarding this RFP for its own convenience and to reject any and all proposals in response to this RFP without indicating reasons for such rejection.
- D. The City is not responsible for oral statements made by any of its employees or agents concerning this RFP. If the bidder requires specific information, the bidder must make the request in writing as instructed in the RFP.
- E. All responses to the RFP shall become the property of the City and a matter of public record. Responders must identify all copyrighted material, trade secrets or other proprietary information that the responder claims are exempt from disclosure by the California Public Records Act. In the event a responder claims such exemption, the responder must state in the response that:

“The responder will indemnify the City and hold it harmless from any claim or liability and defend any action brought against the City for its refusal to disclose copyrighted material, trade secrets, or other proprietary information to any person making a request thereof.”

Failure to include such a statement shall constitute waiver of the responder’s right to exemption from disclosure and authority for the City to provide a copy of the proposal or any part thereof to the requestor.
- F. The individual(s) preparing and submitting the proposal must state they possess the authority to bind the firm to the terms of the RFP.
- G. All questions regarding this RFP should be made in writing and emailed to: mterrell@mtshastaca.gov

PART 2 – PROPOSAL REQUIREMENTS AND INFORMATION

I. PROPOSAL PROCESS AND CALENDAR

A. Distribution of Proposals

Request for Proposals shall be available on the City of Mt. Shasta website, www.mtshastaca.gov.

B. Proposal Submission

Proposals for the City audit must be received **no later than 3:00 p.m. June 28, 2019**. Proposals submitted via facsimile or by electronic mail will not be

accepted. A total of one (1) original, four (4) copies, and one (1) electronic copy provided on a flash drive must be submitted to the following:

City of Mt. Shasta
 Bruce Pope, City Manager
 305 N. Mt. Shasta Boulevard
 Mt. Shasta, California 96067
 (530) 926-7519
 bpope@mtshastaca.gov

Proposals must be sealed and show the following information on the outside of the package in the lower left corner: audit firm’s name, address, and RFP Title. Late or incomplete proposals will not be considered.

C. Proposal Review and Notification

The City Manager and a selection panel will review and evaluate each proposal submitted. It is anticipated that the proposal review process will be completed the week of July 15, 2019. Written notification will be sent only to those firms that were selected for an interview.

D. Interviews

The City will schedule interviews with the finalists by the week of July 22, 2019. Firms selected for interviews are requested to prepare a short presentation for the selection panel.

E. Final Selection and Notification

The City anticipates sending written notification of status to the finalists by the week of July 29, 2019.

F. Important Dates to Remember

May 17, 2019	RFP Available
June 28, 2019	Deadline for Proposal Submittal
July 22, 2019 (tentative)	Interviews with Finalists
July 29, 2019 (tentative)	Selection Notification
December 15, 2019 (tentative)	Report to City Council
After August 1, 2019 but not later than October 31, 2019	Commence Field Work

PROPOSAL REQUIREMENTS

A. Independence

The Firm should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards. Moreover, the Firm must have no conflict 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 and not as an officer, agent, or employee of the City.

B. License to Practice in California

The Firm should provide an affirmative statement indicating that the Firm and all assigned key professional staff are properly licensed to practice in California.

C. Firm Qualifications and Experience

1. 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 California Society of Municipal Finance Officers Certificate of Achievement for Excellence in Financial Reporting program.
2. The Firm shall 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.
3. The Firm shall 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.
4. For the Firm's office assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. The Firm shall state experience with clients issuing Financial Statements under GASB 34. Indicate the scope of work, date engagement partners, total hours, and the name and telephone number of the principal client contact.

D. Partner, Supervisor, and Staff Qualifications and Experience

The Firm shall identify the principal supervisor 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 should also provide information on the governmental auditing experience, including the scope of audit services requested by the City, of each person, and information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The Firm should provide as much information as possible, including resumes, regarding the number, qualifications, experience and training of the specific staff to be assigned to this agreement. The Firm should also 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 reserves the right to approve or reject replacements. This shall also apply to consultants and firm specialists mentioned in response to this request for proposal.

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

E. 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 Proposal.

F. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems and the adoption of new laws or accounting audit principles that might affect the audit and the Firm's approach to addressing these problems and any special assistance that will be requested from the City.

G. Total All-Inclusive Maximum Price

The proposal should contain all pricing information relative to performing the audit engagement as described in this Request for Proposal. The total all-inclusive

maximum price to be proposed is to contain all direct and indirect costs including all out-of-pocket expenses.

H. Rates by Partner, Supervisor, and Staff Level Times-Hours Anticipated for Each

The proposal should include a schedule of professional fees and expenses, as presented in the format shown in Appendix A, which supports the total all-inclusive maximum price in the format shown in Appendix B.

I. Ownership of City-Related Documents

All property rights, including publication rights of all reports produced by proposer in connection with services performed under this agreement shall be vested in the City. The proposer selected shall not publish or release any of the results of its examinations without the express written permission of the City Manager.

J. Acceptance of Proposal Contents

After a Firm is selected by the City, the contents of the submitted proposal shall become a contractual obligation. The successful proposer will be required to execute a standard consultant agreement with the City as exemplified in Appendix C. Failure of the Firm to agree to include the proposal as part of the contractual agreement may result in cancellation of the award. The City reserves the right to reject those parts that do not meet with the approval of the City.

K. Acceptance or Rejection and Negotiation of Proposals

The City reserves the right to reject any or all proposals, to waive non-material irregularities or information in the request for proposal, and to accept or reject any item or combination of items. By requesting proposals, the City is in no way obligated to award a contract or to pay expenses of the proposing firms in connection with the preparation or submission of a proposal. Furthermore, the City reserves the right to reject any and all proposals prior to the execution of the contract(s), with no penalty to the City. In addition, if the City elects to reject all of the proposals, it reserves the right to select one at random to negotiate a contract for services. All requests for proposals received by the City will remain open, valid and subject to acceptance for a period of six months.

III. EVALUATION PROCESS

The proposals for the City's audit will be evaluated by a selection panel designated by the City Manager. Proposers may be required to make oral presentations as a supplement to their proposals. These presentations would only be held subsequent to the receipt of the proposals and will be part of the evaluation process to determine qualifications of the

Firm. The City will schedule a time and location in the City for each oral presentation that it requests. Should a proposer refuse to honor the request for an oral presentation or interview, it may result in the rejection of the proposal by the City. Evaluation considerations will include the following:

- A. Responsiveness of the proposal in clearly stating the understanding of the work to be performed and in demonstrating the intention and ability to perform the work.
- B. Cost. Although a significant factor, cost will not be the primary factor in the selection of a Firm.
- C. Auditors' experience in conducting audits of cities of similar nature, size, and complexity, and the auditors' commitment to maintaining technical expertise in the municipal financial environment.
- D. Technical experience and professional qualifications of the audit team. The number of key and supervisory personnel who will directly participate in the audit will be a consideration.
- E. Size and structure of the Firm's office from which the audit work is to be done. The City is looking for a highly qualified team that is able to meet the due dates specified in this document, and it expects that same team (wherever possible) to complete any successive year's engagements.
- F. Auditors' experience in complying with applicable federal and state regulations relating to non-discrimination of an affirmative action program for equal employment opportunity.
- G. Ability of the Firm in providing optional services such as special studies, system review and other services. Examples of such services performed for other client cities will be helpful.

IV. FORMAT AND CONTENT OF PROPOSAL

A. Title Page

The title page should include the Request for Proposal subject and number, the name of the proposer's firm, local address, telephone number, name of contact person, and date.

B. Table of Contents

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

C. Letter of Transmittal

1. State whether the firm is local, national, or international.
2. Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
3. Describe the range of activities performed by the local office such as audit, accounting, or management services.
4. Describe the local office's information technology (IT) audit capabilities, including the number and classifications of personnel skilled in IT auditing who will work on the audit.
5. Describe the local office's recent auditing experiences similar to the type of audits requested and give the names and telephone numbers of client officials responsible for five (5) of the audits listed.
6. Describe the document publication technology and staff formatting and proofreading expertise.

D. Audit Team

1. Describe the composition of the audit team, including staff from other than the local office, and consultants. Describe the commitment of the firm to providing the same audit team on subsequent audits. Include resumes of each person so identified.
2. Identify the supervisors and consultants who will work on the audit and include resumes of each person so identified.
3. Identify any members of the audit team who are certified CAFR reviewers in the GFOA or California Society of Municipal Finance Officers (CSMFO) Certificate of Excellence in Financial Reporting programs.

E. Audit Scope and Provisions

Describe the scope of the required services to be provided and outline a plan on how such services will be provided. Please include depth of work, staffing, and time estimates. Proposers should list all reports including management letters that are to be issued, the points to be addressed by reports, and the estimated completion dates.

F. Cost Data

Indicate the total hours and hourly rates by staff classification and the resulting all-inclusive maximum fee (not to exceed total) for which the requested work will be done for each of the specific deliverables identified in this Request for Proposal. Fees must include all anticipated costs including travel, per diem, and out-of-pocket expenses.

G. Additional Data

Data not specifically requested should not appear in the foregoing sections, but any additional information considered essential to the proposal may be presented in this section.

APPENDIX A

Schedule of Professional Fees and Expenses to Support the Total All-Inclusive Maximum Price				
	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partner	_____	\$ _____	\$ _____	\$ _____
Manager	_____	\$ _____	\$ _____	\$ _____
Supervisory Staff	_____	\$ _____	\$ _____	\$ _____
Other (Specify)	_____	\$ _____	\$ _____	\$ _____
Sub-Total				\$ _____ _____
Out-of-Pocket Expenses				\$ _____
Total				\$ _____ _____

APPENDIX B

All-Inclusive Maximum Price by Report		FY 2018-19		FY 2019-20		FY 2020-21		OPTIONAL	
								FY 2019-20	FY 2020-21
City	\$		\$		\$		\$		\$
Single Audit	\$		\$		\$		\$		\$
Total	\$		\$		\$		\$		\$

APPENDIX C

SAMPLE

**AGREEMENT FOR AUDITING SERVICES
BETWEEN THE CITY OF MT. SHASTA AND
[NAME OF FIRM]**

THIS FIRM SERVICES AGREEMENT is made and effective as of , 201X between the City of Mt. Shasta, a municipal corporation ("City") and Corporation. ("Firm"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. **TERM**

This Agreement shall commence on , 201X, and shall remain in effect for one year with a renewal option for two (2) additional years, unless sooner terminated pursuant to the provisions of this Agreement.

2. **SERVICES**

The Firm shall perform the tasks described and set forth in the Request for Proposal, attached hereto and incorporated herein as though set forth in full as part of its services. The Firm may be asked to provide additional services if necessary during the term of this Agreement.

3. **PERFORMANCE**

The Firm shall at all times faithfully, competently and to the best of his/her ability, experience, and talent, perform all tasks described herein. The Firm shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing similar services as are required of the Firm hereunder in meeting its obligations under this Agreement.

4. **PAYMENT**

(a) The City agrees to pay the Firm in accordance with the payment rates and terms and the schedule of payment as set forth in Appendix B in the Request for Proposal, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the tasks outlined in the RFP, attached hereto and incorporated herein by this reference. This amount shall not exceed dollars \$..... for the services of this Agreement unless additional payment is approved as provided in this Agreement.

(b) The Firm shall not be compensated for any services rendered in connection with its performance of this Agreement which are in addition to those set forth herein, unless such additional services are authorized in advance and in writing by the City Manager. The Firm shall be compensated for any additional services in the amounts and in the

manner as agreed to by the City Manager and at the time the City's written authorization is given to the Firm for the performance of said services.

(c) The Firm will submit invoices for actual services performed. Payment shall be made no sooner than thirty (30) days of receipt of each invoice as to all non-disputed fees. If the City disputes any of the Firm's fees it shall give written notice to the Firm within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice.

5. **SUSPENSION OR TERMINATION OF AGREEMENT WITHOUT CAUSE**

(a) The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by serving upon the Firm at least ten (10) days prior written notice. Upon receipt of said notice, the Firm shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

(b) In the event this Agreement is terminated pursuant to this Section, the City shall pay to the Firm the actual value of the work performed up to the time of termination, provided that the work performed is of value to the City. Upon termination of the Agreement pursuant to this Section, the Firm will submit an invoice to the City.

6. **DEFAULT OF CONSULTANT**

(a) The Firm's failure to comply with the provisions of this Agreement shall constitute a default. In the event that the Firm is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating the Firm for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Firm. If such failure by the Firm to make progress in the performance of work hereunder arises out of causes beyond the Firm's control, and without fault or negligence of the Firm, it shall not be considered a default.

(b) If the City Manager determines that the Firm is in default in the performance of any of the terms or conditions of this Agreement, he/she shall cause to be served upon the Firm a written notice of the default. The Firm shall have ten (10) days after service upon it of said notice in which to cure the default by rendering a satisfactory performance. In the event that the Firm fails to cure its default within such period of time, the City shall have the right, notwithstanding any other provision of this Agreement, to terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

7. **OWNERSHIP OF DOCUMENTS**

(a) The Firm shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by City that relate to the performance of services under this Agreement. The Firm shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. The Firm shall provide free access to the representatives of City or its designees at reasonable times to such books and records; shall give City the right to examine and audit said books and records; shall permit City to make transcripts there from as necessary; and shall allow inspection of all work, data, documents, proceedings, and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

(b) Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files, surveys, notes, and other documents prepared in the course of providing the services to be performed pursuant to this Agreement shall become the sole property of the City and may be used, reused, or otherwise disposed of by the City without the permission of the Firm.

8. **INDEMNIFICATION**

When the law establishes a professional standard of care for the Firm's Services, to the fullest extent permitted by law, the Firm shall indemnify, protect, defend and hold harmless City and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all losses, liabilities, damages, costs and expenses, including attorney's fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of the Firm, its officers, agents, employees or subconsultants (or any entity or individual that the Firm shall bear the legal liability thereof) in the performance of professional services under this Agreement.

9. **INSURANCE**

A) The Firm shall maintain in-force: Public Liability and Professional Liability Insurance. During the term of this Agreement, the Firm shall maintain in full force and affect a policy of public liability insurance with minimum coverage of \$1,000,000 in accordance with the requirements provided by the City to the Firm. The Firm shall also maintain in-force; Professional Liability Insurance (and/or Errors & Omissions Insurance) with minimum limits of liability of \$1,000,000 combined single limit coverage against an injury, death, loss or damages because of wrongful or negligent acts or omissions by the named insured.

B) The Firm shall maintain in-force Workers' Compensation and Employer's Liability Insurance as required by the California Labor Code. Evidence of coverage shall take the form of a Certificate of Insurance or a California Certificate to Self-Insure. Acceptable minimum limits for this coverage

are: Workers' Compensation; Statutory in California; Employer's Liability: \$1,000,000.

- C) Certificates of Insurance. The Firm shall furnish to Customer evidence of any insurance required by this Agreement. A Certificate of Insurance from an insurer admitted to do business in the State of California will be provided, indicating that the respective policy(s) meets the following requirements: (1) The City, its officers, employees, and agents shall be named as additional insured on the General Liability Insurance; (2) Insurance shall not be canceled or terminated without 30 days written notice to City; (3) General Liability shall be primary and any insurance held by City for its own protection shall be excess and shall be effective only upon exhaustion of the Firm's insurance; (4) Insurance shall be maintained for the duration of the Agreement, including any period extended beyond the expiration date of this Agreement required to complete performance as stipulated in this Agreement and all amendments thereto.

10. **INDEPENDENT CONSULTANT**

(a) The Firm is and shall at all times remain as to the City a wholly independent Firm. The personnel performing the services under this Agreement on behalf of the Firm shall at all times be under the Firm's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of the Firm or any of Firm's officers, employees, or agents, except as set forth in this Agreement. The Firm shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. The Firm shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner.

(b) No employee benefits shall be available to the Firm in connection with the performance of this Agreement. Except for the fees paid to the Firm as provided in the Agreement, City shall not pay salaries, wages, or other compensation to the Firm for performing services hereunder for City. City shall not be liable for compensation or indemnification to the Firm for injury or sickness arising out of performing services hereunder.

11. **LEGAL RESPONSIBILITIES**

The Firm shall keep itself informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Firm shall at all times observe and comply with all such laws and regulations. The City, and its officers and employees, shall not be liable at law or in equity occasioned by failure of the Firm to comply with this Section.

12. **UNDUE INFLUENCE**

The Firm declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the City in connection with the award, terms or implementation of this Agreement, including any method of coercion, confidential financial arrangement, or financial incentive. No officer or employee of the City will receive compensation, directly or indirectly, from the Firm, or from any officer, employee or agent of the Firm, in connection with the award of this Agreement or any work to be conducted as a result of this Agreement. Violation of this Section shall be a material breach of this Agreement entitling the City to any and all remedies at law or in equity.

13. **NO BENEFIT TO ARISE TO LOCAL EMPLOYEES**

No member, officer, or employee of City, or their designees or agents, and no public official who exercises authority over or responsibilities with respect to the Project during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any agreement or sub-agreement, or the proceeds thereof, for work to be performed in connection with the Project performed under this Agreement.

14. **RELEASE OF INFORMATION/CONFLICTS OF INTEREST**

(a) All information gained by the Firm in performance of this Agreement shall be considered confidential and shall not be released by the Firm without City's prior written authorization. The Firm, its officers, employees, agents, or subconsultants, shall not without written authorization from the City Manager or unless requested by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary" provided the Firm gives City notice of such court order or subpoena.

(b) The Firm shall promptly notify City should the Firm, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request, court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within the City. City retains the right, but has no obligation, to represent the Firm and/or be present at any deposition, hearing, or similar proceeding. The Firm agrees to cooperate fully with City and to provide the opportunity to review any response to discovery requests provided by the Firm. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

15. **ASSIGNMENT**

The Firm shall not assign the performance of this Agreement, nor any part thereof, nor any monies due hereunder, without prior written consent of the City because of the personal nature of the services to be rendered pursuant to this Agreement.

16. **LICENSES**

At all times during the term of this Agreement, the Firm shall have in full force and effect, all licenses required of it by law for the performance of the services described in this Agreement including a city business license as required by the City's Municipal Code.

17. **GOVERNING LAW**

The City and the Firm understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Agreement and also govern the interpretation of this Agreement. Any litigation concerning this Agreement shall take place in the municipal, superior, or federal district court with jurisdiction over the City of Mt. Shasta.

18. **ENTIRE AGREEMENT**

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

19. **AUTHORITY TO EXECUTE THIS AGREEMENT**

The person or persons executing this Agreement on behalf of the Firm warrants and represents that he/she has the authority to execute this Agreement on behalf of the Firm and has the authority to bind the Firm to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF MT. SHASTA:

FIRM:

Barbara Wagner
Mayor
City of Mt. Shasta

By:_____

Title:

APPROVED AS TO FORM:

ATTEST:

John Kenny
City Attorney
City of Mt. Shasta

Kathryn Wilson
Deputy City Clerk
City of Mt. Shasta