**CITY OF DOS PALOS REQUEST FOR PROPOSAL *AUDIT SERVICES***

The City of Dos Palos (hereinafter called the "City") invites qualified independent auditors who have governmental accounting and auditing experience and who meet specifications outlined in this RFP to submit a proposal.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms, and conditions included with this RFP shall govern in any resulting contract(s) unless approved otherwise in writing by the City of Dos Palos. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Merced County, California.

*Type of Audit*

The audit will encompass a financial and compliance examination of the City’s Basic Financial Statements (Basic FS), in accordance with the laws and/or regulations of the State of California, which include requirements for the minimum scope of the audit. The City received less than $750,000 in Federal Financial Assistance and is not required by any of its grant or loan sources to have a Single Audit or a Yellow Book Audit.

*Period*

The City intends to continue the relationship with the auditors for no less than three years starting with fiscal year ending June 30, 2020. Based on cost estimates discussed below, the City is requesting bids for a three-year period. Continuation after the first year will be based on annual review and recommendation of the Finance Department staff, satisfactory negotiation of terms (including price), and the availability of an appropriation. After the initial three-year period, a yearly extension may be granted by the City based on the above-mentioned criteria and City Council concurrence for up to two years.

*Requirements*

The audit must be conducted in accordance with generally accepted auditing standards and any other applicable procedures for the audit of a government’s financial statements prepared in accordance with accounting principles generally accepted in the United States of America as well as state regulations governing City audits.

The auditor will be ultimately responsible for proofing, printing, and copying of the Basic FS. The Finance Officer will be responsible for the MD&A and other schedules preparation.

The audit must be completed and reports rendered no later than May 31 the first year and no later than six months following the fiscal year end of June 30 for succeeding years.

A preliminary draft of the Basic FS and required journal entries must be submitted to the Finance Director by April 15 for proofing and reconciliation to the City’s records.

Nine copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Director within the time frame cited above. In addition, the auditor is responsible for submitting

the required copies to the Merced County Auditor-Control and the State Controller’s Office. The City also requires five additional copies of the bound Basic FS for our subsequent distribution.

The financial audit opinion will cover the financial statements for the governmental activities, the business- type activities, the financial statements of the aggregate discretely presented component units, each major fund, and the remaining fund information, which collectively constitutes the basic financial statements. The combining and individual financial statements, schedules, and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB 34, will be subject to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basis financial statements taken as a whole. The auditor shall also express an opinion on the budgetary comparison information for the general fund, the major funds, and any annually budgeted special revenue funds. An opinion will not be given on the Management Discussion and Analysis and the City reserves the right to not to present an MD and A.

The working papers shall be retained and made available upon request in accordance with state law governing audit documentation retention.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work and an amended contract will be approved by the City Council.

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*Audit Contract & Payment of Audit Fees*

The audit contract must be approved by the City Council. Invoices are subject to approval by the City Council prior to processing by the City staff. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the City Council and their approval of the audited financial statements.

*Other Services*

The auditor will prepare, type, and print the Basic FS and all supplemental schedules. The auditor will submit a draft for review by the Finance Director. The Finance Director will return the draft with proposed revisions within 10 working days.

Special Conditions:

* 1. Presentation of the financial statements to the City Council

*Description of Selection Process*

Two copies of each section of the proposal should be submitted at the time and place indicated under the section entitled “Time Schedule for Awarding the Contract.”

Proposals will be submitted in two sections. The first section will be comprised of the audit firm’s prior experience and qualifications of its personnel in performing governmental audits. The Finance Office staff will evaluate the auditor/firm on educational and technical qualifications. The top three to five firms from the first section will have their second section opened and evaluated. The firm best meeting the experience, audit approach, and cost requirements will be selected.

The City reserves the right to reject any or all bids, waive technicalities, and to be the sole judge of suitability of the services for its intended use and further specifically reserve the right to make the award in the best interest of the City.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid.

*First Section*

The first section should address the requested information below. The corresponding responses should begin with the number of the requested information.

1. Indicate the number of people (by level) located within the local office that will handle the audit.
2. Provide a list of the local office’s current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each.
3. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
4. Describe your audit organization’s participation on AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm’s current peer review.
5. Describe the professional experience in government audits of each senior and higher level person assigned to the audit, including years on each job and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site.
6. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., solid waste, transit, health authorities, and school systems).
7. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contacted for reference.
8. Describe liability insurance coverage arrangements.
9. Describe any regulatory action taken by an oversight body against the proposing audit organization or local office.

*Second Section*

Proposals should include completed cost estimate sheets and any other necessary cost information in a separate sealed envelope marked – “Cost Estimate.” The City plans to evaluate the qualification of all firms submitting proposals before considering the Cost Estimate.

The second section should consist of completed cost estimate sheets, which will include the following information:

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling.
3. Use of computer audit specialists.
4. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
5. Information that will be contained in the management letter.
6. Assistance expected from the government’s staff, if other than outlined in the RFP.
7. Tentative schedule for completing the audit with the specified deadlines of the RFP.
8. Specify costs using the format below for the audit year July 1, 2019 to June 30, 2020. For the two audit years which follow, list the estimated costs. The cost for the audit year ending June 30, 2020 is binding, while the two years which follow are estimated costs.
   1. Personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.
      1. Estimate hours – categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor’s office.
      2. Rate per hour.
      3. Total cost for each category of personnel and for all manpower costs.
   2. Travel – itemize transportation and other travel costs separately.
   3. Cost of supplies and materials – itemize.
   4. Other Costs – completely identify and itemize.
   5. If applicable, note your method of determining increases in audit costs on a year to year basis
9. Please list any other information the firm may wish to provide.
10. Please include the Summary of Audit Costs Sheet with your proposal.

*Time Schedule for Awarding the Contract*

Request for proposal packages will be mailed by December 23, 2020, or at the request of the auditing firm.

**Sealed proposals signed by authorized officials will be received by mail, by Manuela Sousa, Director of Finance, 2174 Blossom Street, Dos Palos, Ca 93620 or may be dropped off at City Hall, located at 2174 Blossom Street, Dos Palos, Ca 93620, until 4:00 p.m. on Friday, January 15th, 2021. Envelopes containing proposals should be clearly identified on the front as to the contents. The Finance Office will review the proposals and make a recommendation to the City Council on January 19, 2021 at which time the contract will be awarded.**

Any questions should be directed to Manuela Sousa, Director of Finance, at 209-392-2174 or msousa@cityofdp.com. Appointments may be scheduled to further discuss any specific matters necessary in preparing your proposal. Please call Manuela Sousa, Director of Finance, 209-392-2174 to schedule an appointment.

*Description of the Governmental Entity and Its Accounting System*

*Entity*

City of Dos Palos has a population of approximately 5,500. The City of Dos Palos provides the following services:

General Administration

Public Works/Streets

Public Safety

Water/Wastewater

Fiduciary/Custodial

City of Dos Palos has approximately 38 full-time and part-time employees.

Based on the criteria set forth in GASB No. 14, the financial reporting entity consists of the following: The primary government

*Fund reporting*

The auditor shall refer to City of Dos Palos Basic Financial Report for the previous year, available at City Hall or provided upon request. The City still maintains all the funds at approximately the same level with few differences.

*Grants, Entitlements, and Shared Revenues*

The auditor shall refer to the Basic Financial Report for the previous year (provided upon request). The City’s grants, entitlements, and shared revenues are less than $750,000 so no statement of Federal Financial Assistance is available, but funding is at approximately the same level as last year.

*Budgets*

City of Dos Palos’ annual budget is adopted for the General Fund, certain Special Revenue Funds and Enterprise Funds. Appropriations in the General Fund are made at the functional level, Special Revenue Funds and Internal Service Funds appropriations are made at the departmental level, and the Capital Projects Funds appropriations are made at the object level. However, for internal accounting purposes, budgetary control is maintained by object class (line item account).

Outstanding debt totaled $1,352,514 as of June 30, 2020.

*Accounting Records*

City of Dos Palos maintains all its accounting records at the Finance Department. The software presently being used is Springbrook.

*Assistance Available to Auditor*

The City will make available to the auditor sufficient help to pull and refile records, and prepare and mail all necessary confirmations. A trial balance and a budget report will be made available electronically. **The Finance Department prepares the Financial Statements**. The following account procedures will be completed and documents prepared by the City’s staff no later than December 31, 2020. The books of account will be fully balanced. All subsidiary ledgers will be reconciled to control accounts. All bank account reconciliations for each month will be completed. The City’s personnel will prepare the following items:

*General*

1. All normal year-end adjusting entries.
2. Working balance sheet for each fund.
3. Working Statement of Revenues, Expenditures (Expenses), and Changes in Fund Balance (Retained Earnings) for each fund.
4. A copy of the final budget as of June 30, the original budget, and all amendments.
5. A copy of all project ordinances and all amendments for all active projects during the period.
6. A copy of City Council minutes.

*Cash & Investments*

1. All bank reconciliations for each month.
2. List of outstanding checks, showing check number, payee, date and amount.
3. Schedule of all cash & investments for all funds at the audit date.

*Receivables*

1. Aged trial balance of accounts, taxes and miscellaneous receivables as of the statement date.
2. The City uses the direct write-off method of bad debts.

*Capital Assets*

1. Schedule of all capital outlays during the audit year.
2. Schedule of all capital dispositions during the audit year.
3. Access to printouts containing calculations used in balancing capital assets to the government- wide statements.
4. Schedule of Depreciation expense posted for the audit year.

*Current Liabilities*

1. Trial balance of accounts payable.

*Long-Term Debt*

1. Analysis of long-term debt.
2. Computation of vested compensated absences payable as of the audit date.

*Grants*

1. Grant agreement.
2. Grant budget.
3. All financial reports.
4. Correspondence with the grantor agency, including monitoring reports.
5. CFDA # for federal grant if required.

*Conversion*

1. Entries to convert from fund to government-wide statements.
2. Working Statement of Net Position.
3. Working Statement of Activities.
4. Allocation of depreciation among functional areas.
5. Computation of additions and retirements of compensated absences.
6. Reconciliation of fund and government-wide statements.
7. Worksheet for determination of major funds.
8. Worksheet of combining statements for non-major funds.

We look forward to receiving your response.

Manuela Sousa

Director of Finance

City of Dos Palos

2174 Blossom Street

Dos Palos, Ca 93620

209-392-2174