



**REQUEST FOR PROPOSALS
FOR PROFESSIONAL AUDITING SERVICES**

February 26, 2021

City of Walnut Creek
Finance Division
1666 North Main Street
Walnut Creek, CA 94596

Contact Person – John Furtado, Finance Manager
Phone (925) 943-5840
Email furtado@walnut-creek.org

**Bid Deadline: 2 Hard Copies and 1 Electronic Copy (PDF) of Proposal by
March 26, 2021, at noon.**

CITY OF WALNUT CREEK
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES
February 26, 2021

I. INTRODUCTION

A. General Information

The City of Walnut Creek (City) is requesting proposals (RFP) from qualified certified public accounting firms to audit its financial statements for the fiscal years ending June 30, 2021 through June 30, 2025 with the option of extending the contract for two (2) additional one-year periods, at the City's sole discretion.

These audits are to be performed in accordance with the generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act, and United States Office of Management and budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et set.), unless exempt. Any language purporting to render the entire proposal confidential or proprietary will be ineffective and disregarded.

It is anticipated that a recommendation and proposed contract will be prepared for review and approval by the City Council at its May 4, 2021 meeting. The City reserves the right to reject any or all proposals submitted. The proposal package shall present all-inclusive audit fees for each year of the proposed contract term.

B. Background Information

The City was incorporated in 1914 and is located in Contra Costa County, a growing region in the eastern portion of the San Francisco Bay Area. The City has a permanent staff of approximately 368 City employees and serves over 70,000 residents in a land area of 19.9 square miles. The City continues to show strength as a major employer, a successful retail and entertainment hub, and a safe community with attractive residential neighborhoods.

The City is located at the intersection of Highways 680 and 24, approximately 25 miles east of San Francisco. The City has a range of housing types available to meet the needs of workers employed by various businesses and agencies throughout the region. Walnut Creek's large retail base serves local residents as well as those in surrounding communities.

The City operates under the Council-Manager form of government. Five at-large Council Members are elected to staggered four-year terms to govern the City. The City Treasurer is also elected to a four-year term. The Mayor and Mayor Pro Tem are elected by the City Council from their own membership and each serve one-year terms. The City Council is responsible for adopting City ordinances, resolutions, and the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney. The City Manager is responsible for implementing the Council's policies, ordinances and directives, for overseeing the day-to-day operations of the City, and for appointing the directors of the City's departments; City areas of responsibility follow:

- Administrative Services includes Finance, Information Technology, Budget & Business License.
- Arts and Recreation includes Recreation and Civic Arts Education Programs, the Leshner Center for the Arts and the Bedford Gallery, and the City's gyms, aquatics centers, public art, and Boundary Oak Golf Course.
- Community Development includes Building, Planning, Housing, and Transportation Planning.
- General Government includes staff and activities associated with the City Council, City Treasurer, City Manager's Office (includes Economic Development, Community Outreach and Emergency Preparedness), City Clerk's Office, Risk Management, parking management and City Attorney's Office.
- Human Resources includes benefits administration, employee development and training, employee and labor relations, classification and compensation, and recruitment and selection.
- Public Safety includes Patrol, Investigations, Traffic, Dispatch, Records, Parking Enforcement and other support services.
- Public Works includes Engineering, Maintenance (includes Building and Streets), Transportation Operations and Planning, Parks and Open Space Management and Clean Water Program.

The City also oversees the operations of the Boundary Oak Golf Course and the Downtown and Parking Enhancement Fund which are enterprise funds. The City does not provide fire services, water or sewer utilities; these services are provided by separate special districts. Library services are provided by Contra Costa County.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California as of February 1, 2012. The City chose to become the Successor Agency to the Redevelopment Agency and the Housing Successor Agency.

C. Financial Information

The City's General Fund operating budget for Fiscal Year 2020-21 is approximately \$79.3 million and the total budget for all funds is approximately \$126.7 million. Of the all funds budget, the Fiscal Year 2020-21 Capital Budget is approximately \$11.0 million.

The City receives grants from various programs, which may impose specific audit requirements, including the Community Development Block Grant Urban Counties program (CDBG), State and Federal COPS programs, Transportation Development Act program (TDA), and various federal and state street related projects.

The City also receives an annual allocation of Contra Costa County Transportation Authority (Measure J) Sales Tax revenue. The use of these monies is restricted to transportation and bike/pedestrian related improvements. In Fiscal Year 2020-21 \$1.1 million in Measure J revenue is anticipated to be received.

The City's budget for Fiscal Year 2020-21 reflects the conditions of the local economy, which like every other agency, is impacted by the pandemic, but still meets a number of Council policies:

- Sets annual expenditures at or below annual revenues.
- Places greater emphasis on the City's complete budget needs.
- Strengthens alignment of one-time funds to one time needs via specific policy, and.
- Makes progress toward full cost recovery on fees.

STAFFING / OPERATIONS

The Administrative Services Department serves as the central administrative body of the City, supporting all departments. The department provides expertise, support, service and management of finance, budget, information technology, and business license. There are three divisions: Administration, Finance and Information Technology. In addition to the Director, the senior management team consists of the Chief Information Officer, Finance Manager and Budget Manager. Finance is the lead division for all City audits.

The Finance Division is responsible for many aspects of City operations; including, Accounts Payable, Cash Receipts, Payroll, Investments, Financial Reporting and Audits, Operating and Capital Budgets, and Grant Administration. Currently the Finance Division consists of a Finance Manager, three Senior Accountants, two Accountant I/II's, two Payroll Technicians, and an Accounting Assistant.

The City has implemented Tyler Munis which is used to process cash receipts, accounts payable, payroll and financial reporting, as well as administer the Capital and Operating budgets. A separate software package is used for the issuance of business licenses (HDL). Several other ancillary systems support the various operating departments in the city such as Accela for permitting and Perfect Minds for recreation activities.

II. CONTACT PERSON

Questions regarding this RFP may be directed to:

John Furtado, Finance Manager
Telephone: (925) 943-5840
Email furtado@walnut-creek.org

III. GENERAL INFORMATION FOR RESPONDING TO THIS RFP

A. By Friday, March 26, 2021 at noon, submit two (2) hard copies and one electronic copy (PDF) of the proposal to:

City of Walnut Creek
Attention: Suzie Martinez
City Clerk's Office – Third Floor
1666 North Main Street
Walnut Creek, California 94596

No fax proposals will be accepted. Proposals received after Friday, March 26, 2021 noon will not be considered.

- B. The Response should address at a minimum the information requested in the subsequent section entitled "Minimum Content of Responses". The format should follow the same sequence as the Minimum Content of Responses section and should be based upon the attached Auditor Scope of Work. Respondents may include relevant attachments or exhibits. Responses should be presented in a clear and concise format.
- C. 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 consulting services contract (see Exhibit A). The cost of such insurance shall be included in the consultant's proposal.
- D. The firm selected must acquire a City business license while conducting any work under this agreement.
- E. The City of Walnut Creek reserves the right to accept or reject any and all proposals and to use any ideas in a proposal regardless of whether or not that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals and in the attached standard consulting services contract, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.
- F. A committee will be involved in the proposal review process and interviews. The committee will consider a variety of factors in recommending the selected firm to the City Council, including evaluating the proposals for compliance with the requirements of the RFP. The following are several criteria to be used; the relative importance of each is not determined by the order shown:
1. Understanding of the engagement and the City's needs.
 2. Experience of the firm and the proposed individuals to be assigned to the audit with performing audits of cities, which are similar in scope.
 3. Resources available for the timely completion of the audit and scheduling of the work.
 4. References from similar engagements.
 5. Cost of services.

During the evaluation process the City reserves the right to request additional information or clarifications from firms submitting proposals, or to allow corrections of errors or omissions.

IV. MINIMUM CONTENT OF RESPONSES

All participating Consultants are requested to provide the following information in their response.

- A. A Title page showing the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.
- B. A signed letter of transmittal briefly stating that the firm submitting the proposal a.) is properly licensed to practice in California (including all of the assigned professional staff to the engagement); b.) agrees to perform all of the work outlined in the City's RFP within the time periods established by the City and c.) understands that the firm's proposal is a firm and irrevocable offer through at least June 30, 2021. The letter must contain a certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City.
- C. A report on its 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.
- D. A description of the size of the firm's governmental staff and the firm's experience with cities of a similar nature and scope. Emphasis should be placed on assignments undertaken within the past three years and on engagements undertaken by the personnel proposed to be assigned to this agreement.
- E. Identify all personnel who will be assigned to work on this project and the firm 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.
- F. An affirmative statement that 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 **only** with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the firm submitting the proposal, provided that replacements have substantially the same or better qualifications or experience.
- G. The proposal should set forth an audit approach and methodology to be used to perform the services. This may include a discussion of: approach to selection of sample size; use of specialized software; analytical procedures; approach to internal control structure; approach to determining laws / regulations subject to audit test work; identification of any anticipated problems, or special assistance required from City Staff; and the format of the report.
- H. Provide an indication of the time required for the completion of each major phase of the project. Any assumptions regarding turnaround time for City Staff or City Council review should be clearly noted.

Also provide a calendar as to when the firm will commit to completing work described in this proposal. Please note that Auditor is responsible for identifying required review times for City input and must account for printing and distribution within any timelines identified in the Scope of Work.

City staff would like to conduct interim fieldwork in May/June with the final phase of fieldwork taking place in mid-October. Historically, interim field work has taken approximately one week to complete, whereas final field work has taken approximately two weeks to complete and would include any proposed audit adjustments from fieldwork. Staff expects draft copies of all audit reports to be delivered in mid-November, well in advance of the submittal deadlines for GFOA.

In order to meet the deadline established by the GFOA Comprehensive Annual Financial Report (CAFR) award program, the Auditor will be held responsible for delivering up to 25 final versions of the bound CAFR and an electronic version of the final reports (PDF) to the City no later than December 15th of each year, unless the deadline is extended in writing by the City.

- I. Provide a listing of all cities for which the firm has performed audits during the last three years
- J. Provide three references for your most representative projects including the following:
 - 1. Name of Public Agency
 - 2. Name and Title of contact person.
 - 3. Telephone Number of contact person.
 - 4. Size of General Fund Budget for the year most recently audited.
 - 5. Size of Agency Finance Department Staff
 - 6. Brief description of the scope of the audit performed.
- K. Provide fee information on the Not to Exceed Price for Proposed Services Schedule for the completion of the projects described in the Scope of Auditor Services section. The total maximum bid price is to contain all direct and indirect costs, including all out-of-pocket expenses. Costs and total hours required should be specified for each fiscal year. The City will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs shall not be included in the proposal.

Include an hourly fee quotation for all positions to be assigned. Identify an estimate of any reimbursable or non-direct costs, which would be applicable to the completion of the work. Identify proposed method of adjustment, if any, in the cost of services through subsequent years of the engagement.

V. TENTATIVE SCHEDULE FOR SELECTION PROCESS

Request for Proposal Issued	February 26, 2021
Submittal Deadline	March 26, 2021, noon
Finalist Interviews (if required)	April 2, 2021
Recommendation to City Council with Agreement	May 4, 2021

The schedule and its components are subject to change.

SCOPE OF AUDITOR SERVICES

I. General

The City of Walnut Creek 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 funds of the City of Walnut Creek 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.

Auditor shall review and verify all trial balance worksheets and summary schedules including balance sheets, revenues, expenditures, and changes in fund balance for each fund of the City. The Auditors shall also assist in the preparation of the pension footnote. 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. Reproduction of reports is discussed in Section V below.

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

II. Basic Reports to Be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue the following:

- A. Signed Independent Auditors' Reports for the City.
- B. Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards
- C. Independent Accountant's Report on Agreed-Upon Procedures Applied to Appropriation Limit Worksheets
- D. A Management Letter addressed to the City Council recommending improvements to the City's internal controls that are otherwise non-reportable
- E. The auditor shall communicate in a letter to the Finance Committee, Council and the City Manager any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Non-reportable conditions discovered by the auditor shall be communicated in the Management Letter, as noted above.

- F. The auditor shall be required to make immediate written notification to the Finance Committee, Council City Manager, and City Attorney of all irregularities and illegal acts or indications of illegal acts of which the auditor becomes aware.

III. Additional Reports To Be Requested At City Option

Due to the fluctuation in the receipt of special grant funds, the need for some reports will be based upon whether the City meets the audit threshold for the specific program(s). In addition, the City may periodically request an audit of transient occupancy taxes collected by one or more of the hotels located within the City.

- A. Single Audit Report of Federal Financial Assistance.
- B. Metropolitan Transportation Commission (MTC) Bicycle / Pedestrian Projects in accordance with the Transportation Development Act (TDA).
- C. State-Local Transportation Partnership Program as administered by the State of California Department of Transportation.
- D. Audit of Transient Occupancy Tax revenues collected by one of the hotels located within the City.
- E. Contra Costa County Transportation Authority - Measure J Local Distribution Compliance Audit.

IV. Supplemental Reports / Studies

Reports on other audits or agreed-upon procedures may be agreed to in writing and as stated in a supplemental audit agreement. Prior to beginning work, the scope of the study and associated costs shall be approved by the City.

V. Number of Copies of Report to Be Produced

- A. Independent Auditors' Reports for the City – 1 electronic copy (PDF)
- B. CAFR – up to 25 bound copies, 1 unbound copy and 1 electronic copy (PDF)
- C. Successor Agency Audit - up to 10 bound copies, 1 unbound copy and 1 electronic copy (PDF)
- D. Independent Auditors' Report on Internal Controls – 1 electronic copy (PDF)
- E. Appropriations Limit - up to 10 original copies, 1 unbound copy and 1 electronic copy (PDF)
- F. Management Letter - up to 15 bound copies, 1 unbound copy and 1 electronic copy (PDF)

- G. Single Audit, if applicable, up to 15 bound reports, 1 unbound copy and 1 electronic copy (PDF)
- H. Measure J Compliance Audit, if applicable, up to 10 original copies, 1 unbound copy and 1 electronic copy (PDF)
- I. MTC Audit, if applicable, up to 10 bound reports, 1 unbound copy and 1 electronic copy (PDF)
- J. SLTPP, if applicable, up to 10 bound reports, 1 unbound copy and 1 electronic copy (PDF)
- K. Transient Occupancy Tax audit, if applicable, up to 15 bound reports, 1 unbound copy, 1 electronic copy (PDF)
- L. Walnut Creek Recreation Facilities, if applicable, up to 10 bound reports, 1 unbound copy, 1 electronic copy (PDF)

VI. 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: the standards set forth for financial audits by the Governmental Accounting Standards Board (GASB), in the General Accounting Office's (GAO) Government Auditing: Standards, and in the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations.

VII. Special Considerations

- A. The City of Walnut Creek was awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Fiscal Year 2017-18 CAFR. The City has submitted for Fiscal Year 2019-20 and anticipates it will meet the criteria for an award.

The City of Walnut Creek would like to send its comprehensive annual financial report to the Government Finance Officers Association (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 complete in time for submission to GFOA. The Auditor shall also assist with developing responses to any comments or deficiencies noted by GFOA.

- B. The schedule of federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance are not to be included in the comprehensive annual financial report but are to be issued separately.
- C. The City would expect to receive a Provided By Client (PBC) list for both Interim and Final audits and in a timely fashion in order to be reasonably prepared for field audit. We expect to have an exit conference prior to the timeline as the auditor has to ensure that CAFR will go (on consent) by second Council meeting in December to coincide with outside agencies (primarily Housing) filing deadline requirements and due to Winter Break.

VIII. 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 five (5) years following completion of the audit, unless the firm is notified in writing by the City of Walnut Creek of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- City of Walnut Creek
- Parties designated by the federal or state governments or by the City of Walnut Creek as part of an audit quality review process
- Auditors of entities of which the City of Walnut Creek is a sub-recipient of grant funds
- State of California, Office of the State Controller

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 accounting significance.

IX. Assistance To Be Provided By The City

- A. City Staff will be available during the audit to assist the auditor by providing information, documentation and explanations.
- B. City Staff will generate the necessary confirmation letters prepared by the Auditor.
- C. City will provide the auditor with reasonable workspace. Auditor will be provided reasonable access to a telephone line, WiFi, photocopier, Scanner and fax machine. Read only use profiles will be granted to the Audit staff in our Financial system (Tyler Munis), City's intranet and our Records retention system (Onbase)
- D. City Staff will have a draft CAFR available when the auditor arrives for the final phase of work in mid-October.

BACKGROUND INFORMATION

NOT TO EXCEED PRICE FOR PROPOSED SERVICES SCHEDULE

In accordance with the Request for Proposal for Audit Services issued by City of Walnut Creek, the firm referenced below hereby submits the following cost proposal:

	Year Ended June 30th				
	2021	2022	2023	2024	2025
Basic Reports to Be Issued					
City Audit, including CAFR and Management Letter					
Successor Agency Audit					
Gann Limit					
Total					

Additional Audit Reports To Be Requested At City Option					
Single Audit					
Walnut Creek Recreational Facilities					
Measure J					
MTC					
State-Local Transportation Partnership Program					
Transient Occupancy Tax					
Total					

In addition, please include below an hourly fee quotation and hours proposed for all positions to be assigned to the audit:

	Hours	Hourly Rate
Partners		
Managers		
Supervisory Staff		
Professional Staff		
Clerical/Support Staff		
Other		

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected authorized to sign a contract with the City, for the services identified in the Request For Proposals.

Firm Name: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____