



**March 28, 2018**

**CITY COUNCIL**

Paula Perotte  
*Mayor*

Stuart Kasdin  
*Mayor Pro Tempore*

Roger S. Aceves  
*Councilmember*

Michael T. Bennett  
*Councilmember*

Kyle Richards  
*Councilmember*

**CITY MANAGER**  
Michelle Greene

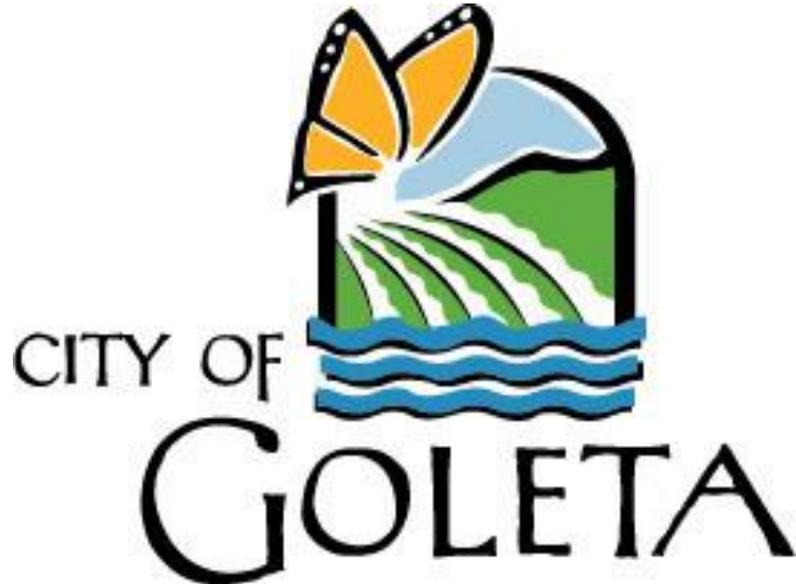
**REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES**

The City of Goleta is seeking to engage the service of a qualified certified public accounting firm to audit its financial statements for three fiscal years beginning with the fiscal year ending June 30, 2018, in addition to performing other financial audits and reviews as specified below. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of State and Local Governments and Non-Profit Organizations*. A Request for Proposal (RFP), which includes instructions for its completion, is attached.

Respondents to this RFP shall submit completed proposals in a sealed envelope, clearly marked with "Proposal for Professional Auditing Services" and a separate envelope marked with "Fees" and the name of the professional firm submitting the proposal. To be considered, one (1) digital copy of the proposal and fees must be emailed to [finance@cityofgoleta.org](mailto:finance@cityofgoleta.org), one (1) signed original and three (3) printed copies of the proposal must be received by 5:00 p.m. on April 27, 2018, at the following address:

**Luke Rioux**  
**Finance Director**  
**City of Goleta**  
**130 Cremona Drive, Suite B**  
**Goleta, CA 93117**

Please contact Luke Rioux, Finance Director, if you have any questions:  
Email: [lrioux@cityofgoleta.org](mailto:lrioux@cityofgoleta.org)  
Phone: (805) 562-5508



**REQUEST FOR PROPOSAL (RFP)**  
**FOR**  
**PROFESSIONAL AUDITING SERVICES**

**Date Issued: March 28, 2018**

**Proposals Due: April 27, 2018**

**Issued By:**

**Luke Rioux  
Finance Director  
City of Goleta  
130 Cremona Drive, Suite B  
Goleta, CA 93117**

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## I. **INTRODUCTION**

### A. **General Information**

The City of Goleta (“City”) is requesting sealed proposals from qualified certified public accountant firms for comprehensive financial audit services in accordance with the included specifications, terms, and conditions shown in this RFP, beginning with the fiscal year ending June 30, 2018 through June 30, 2020, with the option for two subsequent fiscal years. Prospective respondents must be qualified certified public accountant firms licensed by the State of California.

**To be considered, proposals must be received by the City, at 130 Cremona Drive, Suite B, Goleta, California 93117, no later than 5:00 p.m. on April 27, 2018. Late proposals will not be considered.** One (1) digital copy of the proposal must be emailed to [finance@cityofgoleta.org](mailto:finance@cityofgoleta.org), one (1) signed original and three (3) printed copies, sealed, and clearly marked “**Proposal for Professional Auditing Services**” and “**Fees**”, must be submitted.

Proposals must be responsive to City’s request. The City shall determine the most responsive and qualified consultant providing the best service at the most reasonable cost. Cost alone shall not be the determinative factor. It is anticipated the selection of a firm will be completed by May 15, 2018. An agreement will be executed only after the City Council’s approval of the selected firm.

Questions regarding this RFP are to be directed by email to Luke Rioux, Finance Director, at [lrioux@cityofgoleta.org](mailto:lrioux@cityofgoleta.org). Such contact shall be for clarification purposes only. The City must receive all questions no later than April 16, 2018. Material changes, if any, to the scope of services or proposal procedures shall only be transmitted by written addendum and posted to the City website ([www.cityofgoleta.org](http://www.cityofgoleta.org)). Addendums and answers to submitted questions will also be available via the City of Goleta website.

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 City reserves the right to accept any proposal, to reject any and all proposals, and to call for new proposals or dispense with the proposal process in accordance with the City of Goleta Municipal Code and Auditor Rotation and Selection Policy.

### B. **Term of Engagement**

It is the intent of the City to contract for the services presented herein for a term of three (3) years. The City of Goleta reserves the right to extend the term of this contract for two (2) additional one-year terms subject to the satisfactory negotiation of terms, including a price acceptable to both the City and the selected firm. The proposal package shall present all-inclusive audit fees for each year of the contract term.

## II. **DESCRIPTION OF THE GOVERNMENT**

### **A. Background Information**

The City of Goleta was incorporated on February 2, 2002 as a general law city and operates under the council/manager form of government. The City Council is comprised of a Mayor and four Council Members generally elected to serve staggered four year terms. The City Manager and City Attorney are appointed by the Council. The City is located on the south coast of Santa Barbara County. The City is suburban in character and encompasses about 7.9 square miles of territory and has a population of approximately 30,000.

Goleta, which is not a full-service city, presently has five administrative departments with approximately 64 full-time employees. These include General Government, Finance, Public Works, Planning and Environmental Review, and Neighborhood Services and Public Safety. Police services are provided by contract with the Santa Barbara County Sheriff's Department and library services are currently provided by contract with the City of Santa Barbara. In August 2017, the City Council decided to pursue assuming direct management and operation of Goleta Library, which will be effective July 1, 2018. Fire protection services are provided by the Santa Barbara County Fire Department, which is fully supported by tax revenues from a special district. Water and sewer services are also provided by independent special districts, with no costs flowing through the City of Goleta.

The City's fiscal year begins on July 1 and ends on June 30. For Fiscal Year 2017/18, the City of Goleta has a total operating and capital budget of approximately \$50 million for all funds. The General Fund makes up approximately \$26 million of the total. While City operations generate revenue from various public services such as licensing, permitting and building activity, the four primary sources of revenue for the General Fund are from sales tax, transient occupancy tax, property tax, and franchise fees. See the City website [www.cityofgoleta.org](http://www.cityofgoleta.org) for the most recent City Operating and Capital Improvement Program Budget and Comprehensive Annual Financial Report. The City is required to have an independent annual review of its financial records.

In accordance with the City's auditor rotation and selection policy, which is intended to preserve auditor independence and provide the City the benefit of a new perspective, the City is now due for a change in auditors. The initial contract term shall be for three years, providing services are satisfactory, the contract may be retained for an additional two years thereafter, subject to City Council approval.

**B. Fund Structure**

The City of Goleta currently uses or intends on using the following fund types and account groups in its financial reporting (continued on next page):

<b>Number of Individual Funds by Type</b>	
<b>Governmental Funds:</b>	
General Fund	1
Special Revenue Fund	42
<b>Fiduciary Funds:</b>	
Private-purpose Trust Fund	1
Agency Fund	1

The City has no proprietary funds at this time.

**C. Budgetary Basis of Accounting**

The City prepares its budgets on a basis consistent with generally accepted accounting principles.

**D. Finance and Audit Standing Committee**

The City established its Finance Standing Committee in 2007 and later in 2010, amended the Finance Committee to establish a Finance and Audit Standing Committee. The Finance and Audit Standing Committee serves in an advisory capacity to the City Council and may consider policy matters relating to Finance issues, including audits, treasury and investment, resource enhancement, long term financial planning, and debt issuance matters; and to make recommendations to the City Council.

**E. Magnitude of Finance Operations**

The Finance Department is headed by Luke Rioux, Finance Director and consists of five full-time employees. The principal functions performed are accounting, accounts payable, accounts receivable, business license administration, payroll, cash management, budgeting, treasury, purchasing and financial reporting.

**F. Computer Systems**

The City’s computerized systems are run on a Local Area Network (LAN). The accounting functions are computerized using Tyler Technology/Incode Systems software on a Windows platform. The applications operating on this system are general ledger, accounts payable, payroll, time entry, cash collection, business licenses, project accounting and purchase orders.

### **G. Availability of Prior Reports and Work Papers**

White, Nelson, Diehl, Evans, LLP in Irvine, CA conducted the City's most recent audit. The work papers of the previous audits are the property of the previous auditor and can be reviewed by the successful Proposer. The City of Goleta Comprehensive Annual Financial Report and latest Single Audit report were prepared and audited by White, Nelson, Diehl, Evans, LLP and are available for review on the City's website at [www.cityofgoleta.org](http://www.cityofgoleta.org).

## **III. NATURE OF SERVICES REQUIRED**

### **A. General**

The City of Goleta is soliciting the services of qualified firms of certified public accountants to audit their financial statements for three (3) fiscal years beginning with the fiscal year ending June 30, 2017, with the option of auditing their financial statements for each of the two (2) subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this Request for Proposals.

### **B. Scope of Work to be Performed**

The City desires a Comprehensive Annual Financial Report (CAFR) and its component unit financial statements for the City of Goleta to be prepared by the independent auditor and the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

The selected independent auditor will be required to perform the following tasks:

1. The audit firm will perform an audit of all funds of the City of Goleta. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The City's Comprehensive Annual Financial Report (CAFR) will be prepared and word processed by the audit firm. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the City.
2. The City publishes the CAFR. The auditor shall prepare the financial statements and notes that comply with GASB pronouncements and meet the requirements of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program. The City will prepare the transmittal letter, Management's Discussion and Analysis, and assist with the Statistical Section.

3. The audit firm will perform a single audit on the expenditures of federal grants in accordance with OMB Circular A-133 and render the appropriate audit reports on 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 in Accordance with OMB Circular A-133. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.
4. The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. Management letters shall be addressed to the Mayor and City Council.
5. The audit firm shall issue a report on the review of the City's Gann Limit computation.
6. The audit firm shall at the City's request prepare the Annual State Controller's Financial Transactions Report and Streets Reports for the City of Goleta.

### **C. Auditing Standards to be Followed**

To meet the requirements of this RFP, the audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants;
2. The most recent standards applicable to financial audits contained in Government Auditing Standards, as set forth in the U.S. General Accounting Office's (GAO) issued by the Comptroller General of the United States;
3. The provisions of U. S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations Comprehensive Annual Financial Report (CAFR) and its component unit financial statements for the City of Goleta to be prepared by the independent auditor for the fiscal year ended June 30, 2018 and each of the subsequent years of the audit firm's contract with the City.
4. The City will be submitting the CAFR to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program. The City has received this award for the last 15 years.

#### **D. Reports to be Issued**

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

1. A report on the fair presentation of the City's financial statements in conformity with generally accepted accounting principles.
2. A report on compliance of the annual calculation of the City's appropriations limit.
3. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
4. A report on compliance with applicable laws and regulations.
5. Findings and recommendations for improvements in the systems of internal control.
6. Finding and recommendations for improvements in accounting systems.
7. Findings of non-compliance with laws, rules, and regulations.
8. Any other material items coming to the attention of the auditor during the course of the examination
9. Single Audit Report, if applicable
10. Preparation of the State Controller's reports for the City.
11. Internal Control Reports. The internal control report shall communicate in writing to management 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 organization's ability to record, process and summarize and report financial state consistent with the assertions of management in the financial statements. The internal control report shall also include:
  - a. Reportable conditions that are also material weaknesses shall be identified as such in the reports.
  - b. Non-reportable conditions that are also material weaknesses shall be identified as such in the reports.
  - c. The reports on compliance shall include all instances of noncompliance.

- d. Irregularities and illegal acts. 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 following parties: City Manager, City Attorney and the Finance Director.
12. Reports to the City Council. The auditor shall inform the City Council of the following:
- a. The auditor’s responsibility under generally accepted auditing standards
  - b. Significant accounting policies
  - c. Management judgments and accounting estimates
  - d. Significant audit adjustments
  - e. Other information on documents containing audited financial statements
  - f. Disagreements with management
  - g. Management consultation with other accountants
  - h. Difficulties encountered in performing the audit

**E. Working Paper Retention**

All working papers and reports must be retained at the auditor's expense for a minimum of seven (7) years, unless the firm is notified in writing by the City of Goleta of the need to extend the retention period. The auditor will be required to make working papers available to the City of Goleta 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.

#### IV. **PROPOSAL REQUIREMENTS**

##### A. **General Requirements**

###### 1. Inquiries

Inquiries concerning the RFP and the subject of the RFP must be made to:

Luke Rioux, Finance Director  
City of Goleta  
130 Cremona Drive, Suite B  
Goleta, CA 93101  
(805) 562-5508  
[lrioux@cityofgoleta.org](mailto:lrioux@cityofgoleta.org)

###### 2. Submission of Proposal

The certified public accounting firm shall be responsible for preparing an effective, clear, and concise proposal. The response should emphasize services that will be relevant to the City of Goleta. Proposals must be received by 5:00 p.m. on April 27, 2018 for the firm to be considered and contain the following information:

- a. Cover Page: One printed page maximum. It should include the name of the proposing firm, its principal business address where the relationship will be managed and the date of the proposal
- b. Table of Contents: One printed page maximum. It should include a table of contents identifying the materials submitted by section and page number, that makes it easier to locate information in the proposal
- c. Executive Summary of Your Proposal: Two printed pages maximum. Provide a brief summary describing the firm's ability to perform the work requested, a history of the firm's background and experience providing services, the qualifications of the firm's personnel to be assigned to this project, any subcontractor, sub consultants, and/or suppliers and a brief history of their background and experience, and any other information called for by this request for proposal which the proposer deems relevant, including restating any exceptions to this request for proposal. This summary should be brief and concise to apprise the reader of the basic services offered, experience and qualifications of the proposer, staff, subcontractors, and/or suppliers. A statement that the proposal is a firm and irrevocable offer for sixty (60) days.
- d. Detailed Proposal following the order set forth below in Section IV – B – Technical Proposal.

3. The Proposer shall submit a separate total cost proposal and include an original and three (3) copies in a separate sealed envelope marked “Fees”. See further details, following the order set forth below in Section IV – C – Total Cost Proposal.

## **B. Technical Proposal**

### **1. General Requirements**

The purpose of the Technical Proposal is to demonstrate the qualification, competence, and capacity of the firm seeking to undertake an independent audit of the City in conformity with the requirements of this RFP. AS such, the substance of the proposal will carry more weight than the form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

There should be no dollar units or total costs included in the technical proposal document.

The Technical Proposal should address all points outline in the RFP (excluding any cost information which should only be included in the sealed total cost proposal). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the Proposer’s capabilities to satisfy the requirements of the RFP.

### **2. License to Practice in California**

An affirmative statement should be included verifying that the firm and all assigned key professional staff are properly licensed to practice in the State of California.

### **3. Independence**

The firm should provide an affirmative statement that it is independent of the City as defined by auditing standards generally accepted in the United States of America and the General Accounting Office’s Government Auditing Standards.

The firm should also list and describe the firm’s professional relationships involving the City for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement.

#### 4. Firm Qualifications and Experience

To qualify the firm must have extensive experience in audits of local governments as well as experience with preparation of Comprehensive Annual Financial Statements in GASB 34 format. The Proposer 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 professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. Staff consistency is an important consideration.

The Proposer must provide a list of all current municipal clients.

The Proposer is also required to submit a copy of a report on its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements.

The Proposer shall also provide information on the results of any Federal or State desk reviews or field reviews of its audits during the past three (3) years. In addition, the Proposer 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, as well as any pending or settled litigation within the past three (3) years.

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to the engagement. Include resumes, indicating whether each such person is registered or licensed to practice as a certified public accounting in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and memberships in professional organizations relevant to the performance of this audit.

Provide as much information possible regarding the number, qualifications, experience, and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. 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 retains the right to approve or reject replacements.

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

5. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last three (3) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Also please indicate whether the audit was part of a Comprehensive Annual Financial Report prepared in conformance with all GASB requirements. Information should be provided regarding clients that the firm serves that have received the CSMFO and GFOA awards.

Please provide a list of not less than five client references for whom services similar to those outlined in the RFP are currently being provided. For each reference listed provide the name of the organization, dates for which the service(s) are being provided, type of service(s) being provided and the name, address and telephone number of the responsible person within the reference's organization. The City reserves the right to contact any or all of the listed references regarding the audit services performed by the Proposer.

6. 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 Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as United Water's budget and related materials, organizational charts, manuals, programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation for the engagement;
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement
- c. Sample size and the extent to which statistical sampling is to be used in this engagement;

- d. Type and extent of analytical procedures to be used in this engagement;
- e. Approach to be taken to gain and document an understanding of the City’s internal control structure;
- f. Approach to be taken in determining laws and regulations that will be subject to audit test work; and
- g. Approach to be taken in drawing audit samples for purposes of tests of compliance.

#### 7. Identification Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm’s approach to resolving these problems and any special assistance that will be requested from the City.

### **C. Total Cost Proposal**

#### 1. Total All-Inclusive Maximum Price

The total cost proposal should contain all pricing information relative to performing the audit engagement as described in the RFP. The cost proposal should be submitted in a format consistent with Attachment A, “Audit Work Total Cost Proposal” and Attachment B, “Estimate of Cost”

The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expense (e.g., travel, lodging meals). Cost should be specified for each fiscal year. Costs within each fiscal year should also specify the amount for each individual assignment. For example, costs for the audit should be separately identified. Fee quotes should be detailed by service. Fee should include preparation of the annual fiscal year audits, CAFR, and State Controller Reports

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the Total Cost Proposal should include the following information:

- a. Name of firm

- b. 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 total all-inclusive maximum price for each year of the three year engagement.

2. Rates for Additional Professional Services

If it should become necessary for the City to request the firm to render any additional services to either supplement the services requested in the RFP or to perform additional work as a result of the specified recommendations including in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the Total Cost Proposal.

3. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of engagement. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports. Final payment will be made within fifteen (15) days of acceptance of each audit service or report as complete by the City.

**V. EVALUATION OF PROPOSALS**

**A. Review of Proposals**

Proposals submitted will be evaluated by City Staff, consisting of Finance Director, Accounting Manager, Purchasing Officer, and/or other staff if necessary. The City reserves the right to reject any and all proposals, to waive any technicalities, informalities and irregularities, to accept or reject all or part of proposals, and to be the sole judge of the suitability of the proposals offered.

**B. Evaluation Criteria**

Proposals will be evaluated using three (3) sets of criteria and reference checks. First meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in California.
- b. The firm has no conflict of interest with regard to any of the work performed by the firm for the District.
- c. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

2. Technical Quality

- a. The firm's past experience and performance on comparable government engagements.
- b. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
- c. Adequacy of proposed staffing plan for various segments of the engagement.
- d. Thoroughness of approach to conducting the audit of the District and demonstration of the understanding of the objectives and scope of the audit.
- e. Commitment to timeliness in the conduct of the audit.

3. Price

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 and advice in the award of the project.

**C. Final Selection**

Final selection will be made by Goleta City Council, upon recommendation by the Finance Director.

It is anticipated that a firm will be selected by May 15, 2018.

**VI. TIMING AND SCHEDULE – PROPOSAL CALENDAR**

We will make every effort to administer the proposal process in accordance with the terms and dates outlined below (see next page). However, we reserve the right to modify the proposal process and dates as deemed necessary.

EVENT	TIME	DATE
RFP published and distributed		March 27, 2018
Proposal submission deadline	5:00 pm	April 27, 2018
Proposals reviewed and evaluated by staff		April 30-May 1, 2018
Interviews conducted (City’s discretion)		TBD
Contract awarded by City Council		May 15, 2018

A revised proposed schedule will be provided once the selection of finalist(s) has been determined.

**A. Date Audit May Commence**

Audit planning, documentation of systems of internal control and compliance and transaction testing should be completed during interim stage prior to June 30, 2018. In the first year of the engagement this date may be delayed or combined with fieldwork. It is expected the City will close its books and be ready for the final audit by early September. Fieldwork should be completed before October. Changes in the time requirements for commencement of audit and including final audit reports must be discussed and agreed upon by the City and auditor.

**B. Date Reports Are Due**

The auditor shall provide all drafts and recommendations for improvements to the Finance Director and Accounting Manager within a reasonable time period after the last day of field work. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the completed CAFR, Single Audit report and other reports shall be delivered to the Finance Director and Accounting Manager. It is anticipated that this process will be completed and the final products to be delivered by November 30th of each year.

**VII. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION**

**A. Finance Department Assistance**

The auditor’s principal contact with the City will be Luke Rioux, Finance Director and Tony Gonzalez, Accounting Manager. The Accounting Manager will coordinate the

day-to-day assistance to be provided by the City to the auditor. Finance department staff and responsible management personnel will be available during the audit to assist the firm with providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the City, with the assistance of the auditor. City staff will assist the auditors in identifying and locating supporting documentation.

### **B. Work Area, Telephone, and Office Equipment**

The City will provide the auditor with reasonable work space, desks, and chairs. The auditor will also be provided with access to a telephone, an internet connection, access to paper documentation files, and photocopying machines.

### **C. Report Preparation**

Report preparation, editing, printing, tabbing, and binding shall be the responsibility of the auditor. The number of reports to be provided by the auditor is as follows:

1. Comprehensive Annual Financial Report (15 hard copies, 1 electronic)
2. Single Audit Report (15 copies, 1 electronic)

## **VIII. ADDITIONAL INFORMATION**

### **A. Insurance Requirements**

A statement that the Consultant can meet the City's mandatory insurance requirements: The City requires Commercial General Liability insurance with limits of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate, Professional Liability Insurance with limits of not less than \$1,000,000 per occurrence if available to a professional engaged in bank's regular course of business, Automobile Liability insurance with a minimum limit of \$1,000,000 per accident, and Workers Compensation Insurance as required by the State of California. The City reserves the right to establish that these insurance requirements be met and complied with prior to any contractual agreement is entered into. Failure to comply could result in non-award of the contract.

### **B. Right to Reject Proposals**

All responses to this RFP will become the property of the City of Goleta. The 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 of 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 company to revise the scope of

services if necessary, including modifying the services requested, to more closely match City needs.

If your company is awarded the contract, your services (as well as those provided by other members of the team) will be subject to the terms of the Standard Agreement for Professional Services, which is attached to this RFP. Unless the parties agree otherwise at the time the contract is signed, payment under the Agreement shall be made according to Section 3 Compensation and Payment. 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.

**Attachment A – Audit Work Total Cost Proposal**

<b>Service</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
City Audit and Related Reports	\$	\$	\$
Single Audit and Related Reports	\$	\$	\$
Streets Report	\$	\$	\$
City State Controller's Report	\$	\$	\$
Total for Fiscal Year (not-to exceed)	\$	\$	\$

**Attachment B – Estimate of Cost**

**Name of Firm:**

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**Address:**

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**Contact Name:**

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**Contact Phone #:**

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**Fax #:**

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**Contact Email:**

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**Auditor’s Standard Billing Rates**

<b>Auditors Standard Hourly Billing Rates</b>			
<b>POSITION</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>Partner</b>	\$	\$	\$
<b>Manager</b>	\$	\$	\$
<b>Senior Accountant</b>	\$	\$	\$
<b>Staff Accountant</b>	\$	\$	\$
<b>Clerical</b>	\$	\$	\$

**Attachment C – Sample Professional Services Agreement**

Project Name:

**AGREEMENT FOR PROFESSIONAL SERVICES  
BETWEEN THE CITY OF GOLETA  
AND  
(Insert Name of CONSULTANT or CONTRACTOR)**

This AGREEMENT FOR PROFESSIONAL SERVICES (herein referred to as “AGREEMENT”) is made and entered into this \_\_\_\_ day of \_\_, 20\_\_, by and between the **CITY OF GOLETA**, a municipal corporation (herein referred to as "CITY"), and **CONSULTANT NAME**, \_ (herein referred to as "CONSULTANT").

**WHEREAS**, the CITY has a need for professional \_ services for \_ ; and

**WHEREAS**, the CITY does not have the personnel able and/or available to perform the services required under this AGREEMENT, and therefore, the CITY desires to contract for professional services to accomplish this work; and

**WHEREAS**, the CITY noticed a request for proposals and/or qualifications for professional \_ services through a competitive bid process; and

**WHEREAS**, the City Council, on this \_\_\_\_\_ day of (month), 20\_\_, approved this AGREEMENT and authorized the City Manager to execute the AGREEMENT.

CITY and CONSULTANT agree as follows:

**RETENTION AS CONSULTANT**

CITY hereby retains CONSULTANT, and CONSULTANT hereby accepts such engagement, to perform the services described in Section 2. CONSULTANT warrants it has the qualifications, experience, and facilities to properly and timely perform said services.

**DESCRIPTION OF SERVICES**

The services to be performed by CONSULTANT are as follows:

Professional \_ services in conjunction with \_\_. Services shall generally include \_\_, as more particularly set forth in the Scope of Work, attached as Exhibit “A,” and incorporated herein.

CONSULTANT shall deliver to CITY the deliverables defined in Exhibit “A.”  
<or> as follows: (If brief, list scope of work here).

## **COMPENSATION AND PAYMENT**

**Maximum and Rate.** The total compensation payable to CONSULTANT by CITY for the services under this AGREEMENT **SHALL NOT EXCEED** the sum of \$ (herein "not to exceed amount"), and shall be earned as the work progresses on the following basis:

Hourly at the hourly rates and with reimbursement to CONSULTANT for those expenses set forth in CONSULTANT's Schedule of Fees marked Exhibit "B," attached and incorporated herein. The rates and expenses set forth in that exhibit shall be binding upon CONSULTANT until \_\_\_\_\_, after which any change in said rates and expenses must be approved in writing by CITY's Project Manager as described in Section 5 (CITY is to be given 60 days notice of any rate increase request), provided the not to exceed amount is the total compensation due CONSULTANT for all work described under this AGREEMENT.

**Payment.** CONSULTANT shall provide CITY with written verification of the actual compensation earned, which written verification shall be in a form satisfactory to CITY's Project Manager, as described in Section 5. Invoices shall be made no more frequently than on a monthly basis, and describe the work performed (including a list of hours worked by personnel classification). All payments shall be made within 30 days after CITY's approval of the invoice.

## **EXTRA SERVICES**

CITY shall pay CONSULTANT for those CITY authorized extra services, not reasonably included within the services described in Section 2, as mutually agreed to in advance. Unless CITY and CONSULTANT have agreed in writing before the performance of extra services, no liability and no right to claim compensation for such extra services or expenses shall exist. The applicable hourly rates for extra services shall be at the hourly rates set forth in the compensation exhibit. Any compensation for extra services shall be part of the total compensation and shall not increase the not to exceed amount identified in Section 3.

## **CITY PROJECT MANAGER AND SERVICES BY CITY**

The services to be performed by CONSULTANT shall be accomplished under the general direction of, and coordinate with, CITY's "Project Manager", as that staff person is designated by CITY from time to time, and who presently is \_\_\_\_\_. Project Manager shall have the authority to act on behalf of the CITY in administering this AGREEMENT but shall not be authorized to extend the term of the AGREEMENT or increase the not to exceed amount.

CITY shall perform the services defined in Exhibit "A" <or> as follows:

### **TERM, PROGRESS AND COMPLETION**

The term of this AGREEMENT is from the date first written above to \_\_, unless term of this AGREEMENT is extended or the AGREEMENT is terminated as provided for herein.

CONSULTANT shall not commence work on the services to be performed until (i) CONSULTANT furnishes proof of insurance as required by paragraph 10 below, and (ii) CITY gives written authorization to proceed with the work provided by CITY's Project Manager. All services shall be completed within \_\_\_\_\_ calendar days following the notice to proceed <or> according to the following schedule: \_\_\_\_\_. <or> According to the schedule for delivery of services attached as Exhibit "C" and incorporated herein.

### **OWNERSHIP OF DOCUMENTS**

All drawings, designs, data, photographs, reports and other documentation (other than CONSULTANT's drafts, notes and internal memorandum), including duplication of same prepared by CONSULTANT in the performance of these services, are the property of CITY. CITY shall be entitled to immediate possession of the same upon completion of the work under this AGREEMENT, or at any earlier or later time when requested by CITY. CITY agrees to hold CONSULTANT harmless from all damages, claims, expenses, and losses arising out of any reuse of the plans and specifications for purposes other than those described in this AGREEMENT, unless written authorization of CONSULTANT is first obtained.

### **PERSONAL SERVICES/NO ASSIGNMENT/SUBCONTRACTOR**

This AGREEMENT is for professional services which are personal to CITY.

\_\_\_\_\_ is deemed to be specially experienced and is a key member of CONSULTANT's firm, and shall be directly involved in the performance of this work. This key person shall communicate with, and periodically report to, CITY on the progress of the work. Should any such individual be removed from assisting in this contracted work for any reason, CITY may terminate this AGREEMENT. This AGREEMENT may not be subcontracted without the City's prior written consent.

### **HOLD HARMLESS AND INDEMNITY**

**Hold Harmless for CONSULTANT's Damages.** CONSULTANT holds CITY, its elected officials, officers, agents, and employees, harmless from all of CONSULTANT's claims, demands, lawsuits, judgments, damages, losses, injuries or liability to CONSULTANT, to CONSULTANT's employees, to CONSULTANT's contractors or subcontractors, or to the owners of CONSULTANT's firm, which damages, losses, injuries or liability occur during the work required under this AGREEMENT, or occur while CONSULTANT is on CITY property, or which are connected, directly or indirectly, with CONSULTANT's performance of any activity or work required under this AGREEMENT.

**Defense and Indemnity of Third Party Claims/Liability.** CONSULTANT shall investigate, defend, and indemnify CITY, its elected officials, officers, agents, and employees, from any claims, lawsuits, demands, judgments, and all liability including, but not limited to, monetary or property damage, lost profit, personal injury, wrongful death, general liability, automobile, infringement of copyright/patent/trademark, or professional errors and omissions arising out of, directly or indirectly, an error, negligence, or omission of CONSULTANT or any of CONSULTANT's officers, agents, employees, representatives, subconsultants, or subcontractors, or the willful misconduct of CONSULTANT or any of CONSULTANT's officers, agents, employees, representatives, subconsultants, or subcontractors, in performing the services described in, or normally associated with, this type of contracted work. The duty to defend shall include any suits or actions concerning any activity, product or work required under this AGREEMENT, and also include the payment of all court costs, attorney fees, expert witness costs, investigation costs, claims adjusting costs and any other costs required for and related thereto.

**No Waiver.** CITY does not waive, nor shall be deemed to have waived, any indemnity, defense or hold harmless rights under this section because of the acceptance by CITY, or the deposit with CITY, of any insurance certificates or policies described in Section 10.

## **INSURANCE**

CONSULTANT shall, at CONSULTANT's sole cost and expense, provide insurance as described herein. All insurance is to be placed with insurers authorized to do business in the State of California with an A.M. Best and Company rating level of A- or better, Class VII or better, or as otherwise approved by CITY.

Insurance shall include the following (or broader) coverage:

- a) Insurance Services Office Commercial Liability coverage "occurrence" form CG 00 01 or its exact equivalent with an edition date prior to 2004 and with minimum limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
- b) Insurance Services Office form number CA 0001 or equivalent covering Automobile Liability, including hired and non-owned automobile liability with a minimum limit of 1,000,000 per accident. If the Service Provider owns no vehicles, this requirement may be satisfied by a non-owned and hired auto endorsement to Service Provider's commercial general liability policy.
- c) Workers' Compensation insurance complying with California worker's compensation laws, including statutory limits for workers' compensation and an Employer's Liability limit of \$1,000,000 per accident or disease.

Liability insurance policies required to be provided by CONSULTANT hereunder shall contain or be endorsed to contain the following provisions:

- a) CITY, its employees, officials, agents and member agencies shall be covered as additional insureds. Coverage shall apply to any and all liability arising out of the work performed or related to the contract. Additional insured status under the general liability requirement shall be provided on Insurance Services Office Form CG 20 10 with an edition date prior to 2004, or its exact equivalent. Additional insured status for completed operations shall be provided either in the additional insured form or through another endorsement such as CG 20 37 with an edition date prior to 2004.
- b) General and automobile liability insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability. Coverage will not be limited to CITY's vicarious liability.
- c) Liability coverage shall be primary and non-contributing with any insurance maintained by CITY.
- d) Evidence of coverage (including the workers' compensation and employer's liability policies) shall provide that coverage shall not be suspended, voided, canceled or reduced in coverage or in limits except after 30 days' prior written notice has been given to CITY. Such provision shall not include any limitation of liability of the insurer for failure to provide such notice.
- e) No liability insurance coverage provided to comply with this AGREEMENT shall prohibit CONSULTANT, or CONSULTANT's employees, or agents, from waiving the right of recovery prior to a loss. CONSULTANT waives its right of recovery against CITY.
- f) CONSULTANT agrees to deposit with CITY within fifteen days of Notice to Proceed of the Contract certificates of insurance and required endorsements.
- g) There shall be no recourse against CITY for payment of premiums or other amounts with respect to the insurance required to be provided by CONSULTANT hereunder. Any failure, actual or alleged, on the part of CITY to monitor compliance with these requirements will not be deemed as a waiver of any rights on the part of CITY. CITY has no additional obligations by virtue of requiring the insurance set forth herein. In the event any policy of insurance required under this AGREEMENT does not comply with these requirements or is canceled and not replaced, CITY has the right but not the duty to obtain the insurance it deems necessary and any premium paid by CITY will be promptly reimbursed by CONSULTANT or CITY will withhold amounts sufficient to pay premium from CONSULTANT payments.

- h) CONSULTANT agrees to provide immediate notice to CITY of any claim or loss against CONSULTANT arising out of the work performed under this AGREEMENT. CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CITY.

### **RELATIONSHIP OF CONSULTANT TO CITY**

The relationship of the CONSULTANT to CITY shall be that of an independent contractor and that in no event shall CONSULTANT be considered an officer, agent, servant or employee of CITY. CONSULTANT shall be solely responsible for any workers compensation insurance, withholding taxes, unemployment insurance, and any other employer obligations associated with the described work.

### **CORRECTIONS**

In addition to the above indemnification obligations, CONSULTANT shall correct, at its expense, all errors in the work that may be disclosed during CITY's review of CONSULTANT's report or plans. Should CONSULTANT fail to make such correction in a reasonably timely manner, such correction shall be made by CITY, and the cost thereof shall be charged to CONSULTANT or withheld from any funds due to CONSULTANT hereunder.

### **TERMINATION BY CITY**

CITY, by notifying CONSULTANT in writing, may upon \_\_\_\_\_ calendar days notice, terminate without cause any portion or all of the services agreed to be performed under this AGREEMENT. If termination is for cause, no notice period need be given. In the event of termination, CONSULTANT shall have the right and obligation to immediately assemble work in progress for the purpose of closing out the job. All compensation for actual work performed and charges outstanding at the time of termination shall be payable by CITY to CONSULTANT within 30 days following submission of a final statement by CONSULTANT unless termination is for cause. In such event, CONSULTANT shall be compensated only to the extent required by law.

### **ACCEPTANCE OF FINAL PAYMENT CONSTITUTES RELEASE**

The acceptance by CONSULTANT of the final payment made under this AGREEMENT shall operate as and be a release of CITY from all claims and liabilities for compensation to CONSULTANT for anything done, furnished, or relating to CONSULTANT'S work or services. Acceptance of payment shall be any negotiation of CITY's check or the failure to make a written extra compensation claim within 10 calendar days of the receipt of that check. However, approval or payment by CITY shall not constitute, nor be deemed, a release of the responsibility and liability of CONSULTANT, its employees, subcontractors, agents and CONSULTANTs for the accuracy and competency of the information provided and/or work performed; nor shall such approval

or payment be deemed to be an assumption of such responsibility or liability by CITY for any defect or error in the work prepared by CONSULTANT, its employees, subcontractors, agents and CONSULTANTS.

### **AUDIT OF RECORDS**

At any time during normal business hours and as often as it may deem necessary, CONSULTANT shall make available to a representative of CITY for examination of all its records with respect to all matters covered by this AGREEMENT and will permit CITY to audit, examine and/or reproduce such records. CONSULTANT will retain such financial records, time sheets, work progress reports, invoices, bills and project records for at least two years after termination or final payment under this AGREEMENT.

### **WAIVER; REMEDIES CUMULATIVE**

Failure by a party to insist upon the strict performance of any of the provisions of this AGREEMENT by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future. No waiver by a party of a default or breach of the other party shall be effective or binding upon such party unless made in writing by such party, and no such waiver shall be implied from any omissions by a party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or breach, or cover any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a party under this AGREEMENT, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

### **CONFLICT OF INTEREST**

CONSULTANT is unaware of any CITY employee or official that has a financial interest in CONSULTANT'S business. During the term of this AGREEMENT and/or as a result of being awarded this AGREEMENT, CONSULTANT shall not offer, encourage or accept any financial interest in CONSULTANT'S business by any CITY employee or official.

### **CONSTRUCTION OF LANGUAGE OF AGREEMENT**

The provisions of this AGREEMENT shall be construed as a whole according to its common meaning of purpose of providing a public benefit and not strictly for or against any party. It shall be construed consistent with the provisions hereof, in order to achieve the objectives and purposes of the parties. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neutral genders or vice versa.

### **MITIGATION OF DAMAGES**

In all situations arising out of this AGREEMENT, the parties shall attempt to avoid and minimize the damages resulting from the conduct of the other party.

### **GOVERNING LAW**

This AGREEMENT, and the rights and obligations of the parties, shall be governed and interpreted in accordance with the laws of the State of California. Should litigation occur, venue shall be in Superior Court of Santa Barbara County.

### **NONDISCRIMINATION**

CONSULTANT shall comply with the federal Americans with Disability Act, Public Law 101-336, and observe the disability discrimination prohibitions of such laws in the performance of the work required under this AGREEMENT.

### **TAXPAYER IDENTIFICATION NUMBER**

CONSULTANT shall provide CITY with a complete Request for Taxpayer Identification Number and Certification, Form W-9 (Rev. 12-87), as issued by the Internal Revenue Service.

### **NON-APPROPRIATION OF FUNDS**

Payments due and payable to CONSULTANT for current services are within the current budget and within an available, unexhausted and unencumbered appropriation of CITY funds. In the event CITY has not appropriated sufficient funds for payment of CONSULTANT services beyond the current fiscal year, this AGREEMENT shall cover only those costs incurred up to the conclusion of the current fiscal year.

### **MODIFICATION OF AGREEMENT**

The tasks described in this AGREEMENT and all other terms of this AGREEMENT may be modified only upon mutual written consent of CITY and CONSULTANT.

### **USE OF THE TERM “CITY”**

Reference to “CITY” in this AGREEMENT includes City Manager or any authorized representative acting on behalf of CITY.

### **PERMITS AND LICENSES**

CONSULTANT, at its sole expense, shall obtain and maintain during the term of this AGREEMENT, all appropriate permits, licenses, and certificates that may be required in connection with the performance of services under this AGREEMENT.



**In concurrence and witness whereof**, this AGREEMENT has been executed by the parties effective on the date and year first above written.

**CITY OF GOLETA**

**CONSULTANT**

\_\_\_\_\_  
Michelle Greene, City Manager

\_\_\_\_\_  
By: \_\_\_\_\_, Title:

**ATTEST**

\_\_\_\_\_  
Deborah Lopez, City Clerk

\_\_\_\_\_  
By: \_\_\_\_\_, Title

**APPROVED AS TO FORM**

\_\_\_\_\_  
Winnie Cai, Deputy City Attorney