

I. GENERAL DESCRIPTION

The City of Los Altos is seeking proposals for the preparation of both financial and compliance audit reports covering the City and its related operations from qualified firms of certified public accountants. A complete description of services to be provided is described later in this document. The contract will be for a period of three years with an option to renew for an additional two years. The first reporting period to be audited is July 1, 2023 through June 30, 2024. This RFP consists of a Minimum Content of Responses, Required Scope of Auditor Services, City Background Information and a request for a Not-to-Exceed Price for Proposed Services. Responding firms shall be solely responsible for any expenses incurred in preparing proposals in response to this request.

II. CONTACT PERSON

All questions regarding this RFP should be submitted by email to the RFP Contact identified below:

Vivian Chu, Finance Manager
650-947-2707
vchu@losaltosca.gov

The deadline for submission of questions is **Friday, November 3rd, 2023 by 5:00 p.m.**

III. GENERAL INFORMATION FOR RESPONDING TO THE AUDIT RFP

Email proposal by **Friday, November 3rd, 2023 by 5:00 p.m.** to:
Attention: Vivian Chu, Finance Manager
vchu@losaltosca.gov

- A. 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 Required Auditor Scope of Work. Respondents may include relevant attachments or exhibits. Responses should be presented in a clear and concise format.
- B. The firm receiving the contract for audit services shall procure and maintain, for the duration of the contract, insurance as required in the City's standard professional services agreement (see Attachment A).
- C. The firm selected must have a valid City of Los Altos business license while conducting any work under this contract for each year of the contract term.
- D. The City of Los Altos reserves the right to accept or reject any and all proposals and 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 professional services agreement, unless clearly and specifically noted in the proposal submitted and confirmed in the agreement between the City

and the firm selected.

E. City representatives will review the proposals and may interview finalists. The City 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; specifically with experience in 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 (at a not-to-exceed contract amount per fiscal year).

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, email, and telephone number of the contact person.
- B. A signed letter of transmittal briefly stating that the firm submitting the proposal:
 - 1.) is properly licensed to practice in California (including all of the assigned professional staff to the engagement);
 - 2.) agrees to perform all of the work outlined in the City's RFP within the time periods established by the City; and
 - 3.) understands that the firm's proposal is a firm and irrevocable offer through at least December 31, 2023.

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. Provide a copy of the Firm's most recent external quality review; include 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 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's office in which they are each located. Include brief summaries of their background (including if they hold a current CPA license) and experience in auditing cities, as well as their assigned responsibilities under the proposal.
- F. Provide an affirmative statement that the firm understands that the engagement partners, managers and specialists may be changed **only** with the express prior written permission of the City. 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: (1) approach to selection of sample size; (2) use of specialized software; (3) analytical procedures; (4) approach to internal control structure; (5) approach to determining laws / regulations subject to audit test work; (6) identification of any anticipated problems, or special assistance required from City Staff; and (7) 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 review should be clearly noted. Also provide a schedule 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 the City input and must account for printing and distribution within any timelines identified in the Required Scope of Auditor Services.

The selected audit firm will be expected to schedule interim fieldwork in June 2024 and the final phase of fieldwork during the month of October with all reports delivered by December 1st, draft copies of all audit reports should be delivered to staff during mid-November, well in advance of the submittal deadlines for GFOA.

- 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:
 - i. Name of Public Agency
 - ii. Name and Title of contact person
 - iii. Telephone number and email address of contact person
 - iv. Size of General Fund Budget for the year most recently audited
 - v. Size of Agency Finance Department Staff
 - vi. 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 Required 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

Submittal Deadline	November 3rd, 2023 5:00 p.m.
Screening of Submittals	November 6 th , 2023
Notification of Firms Selected for Interviews	November 7 th , 2023
Finalist Interviews (if needed)	November 9 th , 2023
Recommendation to City Council with Agreement	Nov/Dec 2023

This schedule and its components are subject to change.

VI. ACCEPTANCE OR REJECTION AND NEGOTIATION OF PROPOSALS

The City reserves the right to reject any or all proposals, to waive any irregularities in the request for proposal, and to accept or reject any item or combination of items. By requesting proposals, the City is in no way obligated to award a contract or to pay expenses of the proposing firms in connection with the preparation or submission of a proposal. Furthermore, the City reserves the right to reject any and all proposals prior to the execution of the contract, with no penalty to the City of Los Altos.

VII. REQUIRED SCOPE OF AUDITOR SERVICES

A. General

The City of Los Altos is requesting proposals from qualified certified public accounting firms to audit its financial statements for a three-year period beginning with the fiscal year ending June 30, 2024, with the option for the City to extend the contract for an additional two years. At the end of each year, the City reserves the right to terminate services for the subsequent year upon 90 days notification.

The City 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 Los Altos 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 Government Accounting Standards Board, as mandated by generally accepted auditing standards.

Auditor shall review and verify all Trial Balances by Fund and all of the accounting details necessary to perform the audit. An initial draft of the ACFR will be prepared by the auditor and

given to the City for review. 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 other audit reports. The Finance Committee (Committee) will review the final reports. Auditor shall incorporate, as part of the basic proposal, meeting time with Staff and the Committee for the purpose of discussing the audits or management letter and its conclusions. Auditor shall attend City Council meetings if requested by the staff.

B. Basic Reports to Be Issued

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

1. Annual Comprehensive Financial Report (ACFR). The City desires the auditor to express an opinion on the fair presentation of its basic financial statements. The auditor is not required to express an opinion on the combining and individual non-major fund financial statements and schedules. However, the auditor is to provide an "in-relation-to" report based on the auditing procedures applied during the audit of the basic financial statements. Certain limited procedures should be applied during the audit of the basic financial statements. Certain limited procedures should be applied to management's discussion and analysis and budgetary comparison information, but an expression of an opinion is not required. The auditor is not required to express an opinion on the introductory and statistical sections.
2. Management and SAS 114 Letters, which includes findings, statements, observations, opinion, comments, or recommendations, related to:
 - i. Systems of internal control based upon the auditors' understanding of the control structure and assessment of control risk.
 - ii. Compliance with applicable laws and regulations.
 - iii. Accounting systems, functions, procedures, and processes, especially with regard to cost effectiveness.
3. Single Audit Report (if applicable). The City receives federal funds which come under the provision of the Single Audit Act. The auditor is not required to audit the Schedule of Expenditures of Federal Awards; however, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.
4. Cities Financial Transactions Report to the State Controller.
5. Transportation Development Act, if required.

C. Additional Reports to Be Requested at City's 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.

D. 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.

E. Number of Copies of Report to Be Produced

1. ACFR – 1 pdf file, 5 bound reports
2. Management and SAS 114 Letters –1 pdf file
3. Single Audit (if applicable) – 5 bound reports, 1 pdf file
4. City Annual Reports of Financial Transactions to SCO – 1 pdf file
5. Transportation Development Act, if required – 1 pdf file

F. Standards to Be Followed

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

G. Special Considerations

1. The schedule of expenditures of federal awards 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.

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

In addition, the firm shall respond to the inquiries of successor auditors and allow successor auditors to review working papers relating to matters of accounting significance.

I. Assistance to Be Provided by the City

1. City Staff will prepare the final closing of the books. The City will provide the auditors with a *Trial Balance by Fund* and the accounting detail necessary to perform the audit.
2. City Staff will generate the necessary confirmation letters prepared by the auditor.
3. City Staff will be available during the audit to assist the auditor by providing information, documentation, and explanations. All requests will first be directed to the Finance Director.
4. City will provide the auditor with reasonable workspace. Auditor will also be provided reasonable access to a telephone line, photocopier, and fax machine.

VIII. CITY BACKGROUND INFORMATION

The City of Los Altos, incorporated as a general law city in December of 1952, is located 37 miles south of San Francisco. Los Altos is bordered by Los Altos Hills, Palo Alto, Mountain View, Sunnyvale, and Cupertino.

The City of Los Altos is seven square miles with seven distinct commercial areas and is home to approximately 30,000 people. The City incorporated to preserve the rural atmosphere and small town feel and to prevent annexation from neighboring cities. The commercial districts are bustling neighborhood retail areas, characterized by tree-lined streets and a village atmosphere. Los Altos is celebrating its 70th anniversary starting in December 2022 through this year.

The City of Los Altos operates as a Council-Manager form of government. Council Members are elected at-large to four-year terms and are responsible for determining City policies and service standards. The City Council in turn appoints the City Manager to oversee the daily operation of the city organization.

The City contributes to the California Public Employees' Retirement System (PERS), a multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California.

IX. NOT-TO-EXCEED PRICE FOR PROPOSED SERVICES SCHEDULE

In accordance with the Request for Proposals for Professional Auditing Services issued by City of Los Altos, the firm referenced below hereby submits the following cost proposal:

	Year Ending June 30th			
	2024	2025	2026	
Basic Reports to be Issued:				
City Audit, including ACFR				
Single Audit Report (if applicable)				
City Annual Reports of Financial Transactions to SCO				
Transportation Development Act, if required				
Total Not to Exceed Fees				
Additional Reports to be Issued at City Options:				

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: _____