



CITY OF COLFAX

**INVITATION TO SUBMIT A PROPOSAL TO PROVIDE
PROFESSIONAL AUDITING SERVICES**

Submission Deadline: April 10, 2023 - 4 p.m.

City of Colfax

Request for Proposal (RFP)

Professional Auditing Services

I. INTRODUCTION AND GENERAL INFORMATION

The City of Colfax is located in the Sierra Foothills approximately 50 miles northeast of Sacramento. This one-square-mile community is located along Interstate 80, as a gateway to the Sierra offering a variety of recreational and economic opportunities.

Incorporated as a General Law City in 1910, the City is in Placer County and serves a population of approximately 2000 residents with a full range of municipal services including public safety (sheriff and fire), parks and recreation, community development, wastewater collection and treatment, streets and roads, and general government. Some of these services are provided on a contractual or franchised basis.

Colfax operates under the council/manager form of government with five members on City Council all of which are elected at large and serve four-year terms. The City Council meets on the second and fourth Wednesdays of every month at 6:00 p.m. at City Hall, 33 S. Main Street, Colfax.

The City's total expected payroll for the year ended June 30, 2023, is approximately \$850,000 including eleven budgeted full-time positions and two part-time positions. The total municipal operating budget for the 2022-2023 Fiscal Year is about \$4.9 million. The accounting and financial reporting functions of the City are centralized in the Finance Department.

The City of Colfax is requesting proposals from qualified certified public accounting firms to audit its financial statements for the fiscal year ending June 30, 2023, with the option of auditing its financial statements for each of four (4) subsequent years as further discussed below. These audits are to be performed in accordance with generally accepted auditing standards and the standards set for financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act as amended, and U.S. 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 seq.), unless exempt. Any language purporting to render the entire proposal confidential or proprietary will be ineffective and will be disregarded.

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

During the evaluation process, the City reserves the right to request additional information or clarifications from the proposers. At the discretion of the City of Colfax, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City of Colfax reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal was selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Colfax and the firm selected.

It is anticipated the selection of a firm will be completed by May 1, 2023. Following the notification of the selected firm it is expected a contract will be negotiated between both parties for consideration of approval by the City Council on May 24, 2023. The City of Colfax reserves the right to reject any or all proposals, to waive any non-material irregularities or information in any proposal, and to accept or reject any items or combination of items.

It is the intent of the City to contract for the services presented herein for a term of five years (previously three) based on the satisfactory negotiation of terms (including a price acceptable to both the City of Colfax and the selected firm), the concurrence of the City Council of the City of Colfax and the annual availability of an appropriation. The City reserves the right to cancel the contract after each year of the contract term based on a satisfactory review of work performed and timely delivery of reports as required.

II. NATURE OF SERVICES REQUIRED

A. Scope of the Work to be Performed

The City of Colfax's goal is to provide the public and its constituents with a financial statement that gives complete, accurate, and understandable information about the City's financial condition. The selected independent auditor will be required to perform the following tasks:

1. Audit of the Government-Wide Financial Statements of the City of Colfax in conformity with generally accepted accounting principles and issue an opinion thereon.
2. Test compliance with the Single Audit Act as amended in 1996, and applicable laws and regulations.
3. Prepare Memorandum on Internal Control Structure and Management Letter.
4. Test compliance with Proposition 111, Article XIII.B – Review of Appropriation Limit Calculations.
5. Preparation of Annual Financial Transactions Report to the state controller by the due date.
6. Assist the City with calculating its share of the net pension liability deferred inflows and deferred outflows since CalPERS is not providing separate employer amounts.
7. The firm selected may be asked to examine other reports or perform other services as required.

B. Auditing Standards to be Followed

To meet the requirements of this request for proposal, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
3. The provisions of the Single Audit Act as amended.
4. The provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

C. Reports to be Issued

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

1. Reports on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America as listed below:
 - a) Government-Wide Financial Statements for the City of Colfax;
 - b) Supplemental Financial Statements for the City.

These reports shall include Required Supplemental Information (RSI) as required by GASB #34.

2. A report based on the auditor's understanding of the internal control structure and assessment of control risk. In this report, the auditor will also communicate any reportable conditions found during the audit and indicate whether they are also material weaknesses (see #8 below for related items).
3. A separate report on the auditor's analysis of the internal control structure used in the administration of federal financial assistance programs.
4. A report on the City's compliance with laws and regulations related to "major" federal awards including an opinion on compliance with specific requirements applicable to "major" federal awards programs. The report on compliance shall include all instances of non-compliance.
5. A Management Letter addressed to the City Council of the City of Colfax setting forth recommendations (as applicable) for improvements in the City's accounting systems.
6. The auditor shall communicate in a letter to the City Manager and Finance Officer 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, 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”.

7. A report on the City’s compliance with Proposition 111, Article XIII.B of the California State Constitution and Government Code 7900 (et seq.) in its calculation of the “Gann Limit”.
8. Auditors shall be required to make immediate, written notification to the City Manager and the Finance Officer of all irregularities and illegal acts or indications of illegal acts of which they become aware

D. Other Communications

The independent auditor shall make all communications to the City Council required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

1. The auditor’s responsibility under generally accepted auditing standards;
2. Significant accounting policies;
3. Management judgment and accounting estimates;
4. Significant audit adjustments;
5. Other information in documents containing audited financial statements;
6. Disagreements with management;
7. Management consultation with other accountants;
8. Major issues discussed with management prior to retention;
9. Difficulties encountered in performing the audit; and
10. Errors, irregularities, and illegal acts.

The independent auditor must be available to present the audit plan prior to beginning fieldwork. In addition, the independent auditor must be available to present all final reports to City management and the City Council as requested.

E. Working Paper Retention and Access to Working Papers

All work papers and reports must be retained, at the auditor’s expense, for a minimum of five years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the City of Colfax of the need to extend the retention period. The work papers are subject to review by federal and state agencies and other individuals designated by the City of Colfax. Accordingly, the work papers shall be made available upon request.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

F. Journal Entries

All adjusting journal entries made by the independent auditors must be discussed and explained to the designated Finance Department personnel prior to recording. They should be in a format that shows the lowest level of posting detail needed for data entry in the general ledger systems.

III. DESCRIPTION OF THE CITY OF COLFAX

A. Basis of Accounting and Fund Structure

The City of Colfax uses the following fund types and account groups in its financial reporting:

- Governmental Fund Types
- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Proprietary Fund Types
- Enterprise Funds

B. Computer System

The accounting functions are computerized using Fund Balance software. The applications operating on this system are general ledger, accounts payable, payroll, utility billing and collection, cash receipts, and Business Licenses.

C. Availability of Prior Reports and Work Papers

The City's most recent audit was conducted by Richardson and Company, LLC. The work papers of the previous audits are the property of the previous auditor and can be reviewed by the successful proposer.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to, and including, the date proposals are to be submitted. The City reserves the right to change the following schedule if the need arises after receipt of proposals.

<u>Date</u>	<u>Activity</u>
March 18, 2023	Request for Proposal issued
April 10, 2023	Due date for technical and cost proposals (due by 4:00 p.m.)
April 17, 2023	Oral Interviews (conducted at City's discretion)
May 1, 2023	Selected firm notified
May 24, 2023	City Council approval

B. Date Audit May Commence

Accounting records will be ready for final audit by or before October 15, 2023. Changes in time requirements for the commencement of work to the completion of final reports must be approved by the City liaison in advance.

C. Date Report is Due

The final reports are due by December 31, 2023. The due date for subsequent years is also December 31st (6 months following the fiscal year-end).

V. ASSISTANCE TO BE PROVIDED TO AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The Finance Director will be responsible for acting as the liaison between the audit firm and the accounting personnel. Consideration must be given to the ongoing tasks of the finance department.

B. Work Area, Telephone, Photocopying, and Fax Machine

The City of Colfax will provide the auditor with a reasonable workspace, access to the internet, photocopying facilities, and a fax machine.

C. Report Preparation

City personnel are currently responsible for providing the trial balance electronically to the auditor. The auditor is responsible for preparing the financial statements and the accompanying footnotes.

The City is open to discussions regarding the division of these activities in order to produce the most cost-effective product for both the City and the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. All inquiries and responses will be addressed to:

Marguerite Bailey
City of Colfax
33 South Main Street
P.O. Box 702
Colfax, California 95713
City.clerk@colfax-ca.gov
(530) 346-2313

2. Submission of Proposal. An original and four (4) copies of the Technical Proposal shall be received **by 4:00 p.m. on April 10, 2023**, for a proposal to be considered. The Technical Proposal should address the items listed in section C below.

3. Submission of Cost Proposal. An original and four (4) copies of the Cost Proposal shall be received **by 4:00 p.m. on April 10, 2023, under separate cover in a sealed envelope** to be considered. The requirements of the cost proposal are described below.

Both the Technical Proposal and the Cost Proposal should be sent to the attention of City Clerk at the address above

B. Format for Proposal

The format of the Technical Proposal shall be as follows:

1. Title Page
 - 1.1. Show the RFP subject, name of the audit firm, local address, telephone number, name and title of contact person, and date of submission.
2. Table of Contents
 - 2.1. Technical Proposal - Firm qualifications and experience
 - 2.1.1. License to practice in California
 - 2.1.2. Independence
 - 2.1.3. Insurance
 - 2.1.4. Partner, supervisory, and staff qualifications and experience
 - 2.1.5. Similar engagements with other Government entities
 - 2.1.6. Three client references
 - 2.1.7. Copies of firm's last external quality (peer) review report
 - 2.1.8. Specific audit approach
 - 2.1.9. Statement as to why the respondent is best qualified to perform the auditing services
3. Cost Proposal
 - 3.1. Total fixed price for each year for three consecutive audits
 - 3.2. Hourly rate for partner, supervisor, accounting, and clerical staff

VII. EVALUATION PROCEDURES

A. Audit Committee

A three (3) member Selection Committee will evaluate proposals submitted, consisting of the following: City Finance Director and two additional City staff members.

B. Selection of Firm

The City of Colfax will select a firm based on the recommendation of the Selection Committee. It is anticipated that a firm will be selected by May 1, 2023. Following notification of the firm selected, it is expected a contract will be executed between both parties by within 15 days from notification.