

## REPORT TO CITY COUNCIL

**Approved by:**

*Becky McCurdy*

Becky McCurdy, Procurement Services Mgr.

*Susan O'Haro*

Susan O'Haro, Department Director

*Arnoldo Rodriguez*

Arnoldo Rodriguez, City Manager

**Council Meeting of:** September 4, 2019

**Agenda Number:** C-3

**SUBJECT:**

Consideration of a Resolution Approving Award of Agreement for Financial Audit Services to the Pun Group. The agreement is for three years, with two potential one-year extensions, and ranges between \$72,000 to \$76,385 per year.

**RECOMMENDATION:**

Staff recommends that the City Council (Council) adopt a Resolution approving award of agreement for audit services to The Pun Group and authorize the Mayor to sign the documents necessary to implement the agreement.

**SUMMARY:**

In July of 2019 the City published Request for Proposal (RFP) No. 201920-02 for Professional Auditing Services. The existing contract for Audit Services had expired and in accordance with industry standard and the City's Purchasing Policy a Request for Proposal was written, reviewed and published. Responses were received and found to be both responsive and responsible. They were then evaluated by a committee, ranked in accordance with the terms of the RFP, and a recommendation is being made based upon the ranking that an award be made to The Pun Group.

**DISCUSSION:**

In July of 2019, the City published RFP No. 201920-02 for Professional Auditing Services. Four responses were received and found to be both responsive and responsible. They were then evaluated by a committee comprised of City staff and ranked in accordance with the terms of the RFP. The Pun Group was the firm receiving the highest ranking.

Any of the four responding firms appear can perform the tasks required. The ranking matrix was weighted with cost and experience being of critical importance. Two firms emerged as leaders in the evaluation process. The committee performed background and reference checks and based upon the combined information obtained, the Pun Group was ranked the highest of the four responders.

The Agreement, should Council approve it, is for an initial three-year period starting in September of 2019. Included in the agreement is the option for two additional one-year extensions. These extensions can be initiated by staff upon mutual agreement by the City and The Pun Group.

The cost for the audit is broken down as follows:

- Year one \$72,000
- Year two \$74,160
- Year three \$76,385

The agreement includes all aspects of the City's finances including:

- The Single Audit Report,
- The Golf Course Compliance Review
- The Financing Authority Audit Report
- The preparation of a Comprehensive Annual Financial Report (CAFR) which the City has not prepared in several years. The addition of the CAFR will provide additional detail and transparency for all City functions and has become an industry standard.

The City of Madera is required to present audited financial statements as a condition of many of our debt covenants, grant agreements, and by law for agencies receiving federal grant awards in excess of \$750,000. The Pun Group will begin the audit process immediately and will make every effort to complete the audit and issue statements by the end of December 2019. Once the audit process is complete, The Pun Group will report to Council with their assessment and recommendations as well as filing the audited financial statements with the necessary government agencies.

**FINANCIAL IMPACT:**

Funds have been appropriated in the current budget for the Finance Department to cover the cost of these services.

**CONSISTENCY WITH THE VISION MADERA 2025 PLAN:**

While this type of agreement is not addressed in the vision or action plans; the requested action is also not in conflict with any of the actions or goals contained in that plan.

**ALTERNATIVES:**

Council may reject all responses to the RFP. If so, staff would publish a new RFP and begin the process anew. This could result in delays with completing the City's Financial Statements in a timely manner.

**ATTACHMENTS:**

1. Resolution
2. Agreement

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA, CALIFORNIA,  
APPROVING AWARD OF AGREEMENT FOR AUDIT SERVICES TO THE PUN GROUP**

**WHEREAS**, the City of Madera (the “City”) has a fiduciary responsibility to have its financial records and transactions audited each fiscal year by an independent Certified Public Accounting firm; and

**WHEREAS**, the accounting firm The Pun Group has agreed to provide the necessary accounting services in accordance with their response to the City’s Request for Proposal; and

**WHEREAS**, the prices proposed for services as indicated in the proposal letter from The Pun Group are found to be fair and reasonable;

**NOW THEREFORE, THE COUNCIL OF THE CITY OF MADERA** does hereby resolve, find and order as follows:

1. The above recitals are true and correct.
2. The Agreement with The Pun Group, a copy of which is attached hereto as Exhibit 1, is approved.
3. The Mayor of the City of Madera is authorized to execute the Agreement and any and all documents necessary to effectuate the Agreement on behalf of the City.
4. This resolution is effective immediately upon adoption

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## **AGREEMENT FOR PROFESSIONAL SERVICES**

THIS AGREEMENT FOR PROFESSIONAL AUDITING SERVICES (“Agreement”), made this 4th day of September 2019, by and between the City of Madera (“City”) and The Pun Group, (“Service Provider”);

### **RECITALS**

A. City desires to retain a qualified firm to provide professional auditing services in accordance with the terms of Request for Proposal Professional Auditing Services RFP No. 201920-02 (“RFP”). The Service Provider has responded to the Request for Proposals (“RFP”) to perform these needed services attached hereto as Exhibit “A” and incorporated herein as though set forth in full and as indicated in the response to RFP attached hereto as Exhibit “B” and incorporated herein as though fully set forth. The City desires to have the Service Provider perform the work in accordance with the RFP and the response thereto prepared by the Service Provider. The work to be performed in accordance with Exhibit “A” and Exhibit “B” is hereinafter referred to as “Professional Auditing Services.”

B. The Service Provider represents to City that it is a firm composed of highly trained professionals and is fully qualified to conduct these services for City as described in their response to RFP and accepted as final.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, it is agreed by and between the City and the Service Provider as follows:

1. Services. The City hereby employs Service Provider to perform the Professional Auditing Services herein set forth at the compensation and upon the terms and conditions herein expressed, and Service Provider hereby agrees to perform such services for said compensation, and upon said terms and conditions City hereby authorizes Service Provider to commence work on September 5, 2019. In the event of any inconsistency between the terms contained in the RFP and response thereto, the terms set forth in the main body of this Agreement shall govern.

2. Compensation. As compensation for all services of Service Provider in performance of this Agreement, City shall pay Service Provider as described herein. For the services rendered pursuant to this Agreement, Service Provider shall be compensated and reimbursed, in accordance with the schedule of fees set forth in Exhibit “B.”

A. Method of Payment. In any month in which Service Provider wishes to receive payment, Service Provider shall no later than the first working day of such month, submit to City in the form approved by City's Finance Director, an invoice for services rendered prior to the date of the invoice. Payments shall be based on the hourly rates as set forth in Exhibit "A" for authorized services performed. City shall pay Service Provider for all expenses stated thereon, which are approved by City consistent with this Agreement, within thirty (30) days of receipt of Service Provider's invoice.

3. Changes. In the event any change or changes in the Scope of Services/Work is requested by City, the parties hereto shall execute a written amendment to this Agreement, setting forth with particularity all terms of such amendment, including, but not limited to, any additional fees. An amendment may be entered into:

A. To provide for revisions or modifications to documents or other work product or work when documents or other work product or work is required by the enactment or revision of law subsequent to the preparation of any documents, other work product, or work;

B. To provide for additional services not included in this Agreement or not customarily furnished in accordance with generally accepted practice in Service Provider's profession.

Any changes to this Agreement requested by either City or Service Provider may only be effected if mutually agreed upon in writing by duly authorized representatives of the parties hereto. This Agreement shall not be modified or amended or any rights of a party to it waived except by such a writing.

4. Appropriations. This Agreement is subject to and contingent upon funds being appropriated therefore by the City Council of City for each fiscal year covered by the Agreement. If such appropriations are not made, this Agreement shall automatically terminate without penalty to City.

5. Entire Agreement. This Agreement consists of the following documents, in order of precedence, and shall be the entire agreement between parties:

This Agreement

A. City's Request for Proposal 201920-02, dated July10, 2019

B. Service Provider's response to RFP dated August 5, 2019 and all attachments thereto, by reference, included herein.

6. Term of Agreement. Unless earlier terminated in accordance with Section 12 of this Agreement, this Agreement shall continue in full force and effect for a period commencing on September 5, 2019, and ending on September 4, 2021, unless extended by mutual written agreement of the parties. City and Service Provider may, upon mutual agreement

of both parties, extend this Agreement for up to two (2) additional one-year terms.

7. Time for Completion. The time for completion of the services to be performed by Service Provider is an essential condition of this Agreement. Service Provider shall prosecute regularly and diligently the work of this Agreement according to the agreed upon schedule of performance set forth in Exhibit's "A" and "B." Service Provider shall not be accountable for delays in the progress of its work caused by any condition beyond its control and without the fault or negligence of Service Provider. Delays shall not entitle Service Provider to any additional compensation regardless of the party responsible for the delay.

8. Performance Schedule

A. Time of Essence. Time is of the essence in the performance of this Agreement.

B. Schedule of Performance. All services rendered pursuant to this Agreement shall be performed pursuant to the agreed upon schedule of performance set forth in Exhibit's "A" and "B." The extension of any time period must be approved in writing by the City's Finance Director.

9. Force Majeure. The time for performance of services to be rendered pursuant to this Agreement may be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of Service Provider, including, but not limited to, acts of God or of a public enemy, acts of the government, fires, earthquakes, floods, epidemic, quarantine restrictions, riots, strikes, freight embargoes, and unusually severe weather if Service Provider shall within ten (10) days of the commencement of such condition notify the Finance Director who shall thereupon ascertain the facts and the extent of any necessary delay, and extend the time for performing the services for the period of the enforced delay when and if in the Finance Director's judgment such delay is justified, and the Finance Director's determination shall be final and conclusive upon the parties to this Agreement.

10. Qualifications of Employees. The City may require dismissal from the work on this contract, employees whom it deems incompetent, careless or otherwise objectionable to the public interest.

11. Notices. Except as otherwise specifically provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party hereto, may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first class postage affixed thereto, and addressed as indicated below, and depositing said envelope in the United States mail to:

**City of Madera**  
Finance Division

**Service Provider**  
The Pun Group

205 W. 4<sup>th</sup> Street  
Madera, California 93637  
559-661-5454

4365 Executive Drive, Suite 710  
San Diego, CA 92121  
858-242-5100

## 12. Termination

A. Termination for Contract Default. If at any time, in the opinion of the City Council, upon recommendation of the Finance Director, 1) Service Provider fails to conform to the requirements of this contract; 2) Service Provider seeks relief under any law for the benefit of insolvents or is adjudicated bankrupt; 3) any legal proceedings are commenced against the Service Provider which may interfere with the performance of the contract; or 4) Service Provider has failed to supply an adequate working force, or material of proper quality, or has failed in any other respect to prosecute the work with the diligence and force specified and intended in and by the terms of the contract, notice thereof in writing may be served upon him; and should he neglect or refuse to provide means for a satisfactory compliance with contract as directed by the Finance Director within fourteen (14) days from the receipt of such notice the City Council in any such case shall have the right and power, at its option and without prejudice to any other right it may have, to terminate the contract. Any excess of the cost arising there from will be charged against the Service Provider and his sureties, who will be liable thereof. In the event of such termination, all monies due the Service Provider or retained under terms of the contract shall be forfeited to the City; but such forfeiture will not release the Service Provider or this sureties from liability for failure to fulfill the contract.

B. Termination for Convenience. City reserves the right to terminate this Agreement at any time, with or without cause, upon thirty (30) days written notice to Service Provider, except that where termination is due to the fault of Service Provider and constitutes an immediate danger to health, safety, and general welfare, the period of notice shall be such shorter time as may be determined by the City. Upon receipt of the notice of termination, Service Provider shall immediately cease all services hereunder except such as may be specifically approved by the Finance Director. Service Provider shall be entitled to compensation for all services rendered prior to receipt of the notice of termination and for any services authorized by the Finance Director thereafter. Service Provider may terminate this Agreement, with or without cause, upon thirty (30) days written notice to City.

13. Assignment and Subcontracting. The Service Provider shall not assign or subcontract the work, or any part thereof, without the previous written consent of the City, nor shall He assign, by power of attorney or otherwise, any of the money payable under this contract unless written consent of the City has been obtained. No right under this contract, no claim for money due or to become due hereunder shall be asserted against the City, or persons acting for the City, by reason of any so-called assignment of this contract or any part thereof, unless such assignment has been authorized by the written

consent of the City. In case the Service Provider is permitted to assign monies due or to become due under this contract, the instrument of assignment shall contain a clause subordinating the claim of the assignee to all prior liens for services rendered or materials supplied for the performance of work.

Should any subservice provider fail to perform in a satisfactory manner the work undertaken by him, his subcontract shall be immediately terminated by the Service Provider upon notice from the City. The Service Provider shall be fully responsible and accountable to the City for the acts and omissions of his subservice providers, and of persons directly or indirectly employed by them, as he is for the acts and omissions of persons directly employed by him. Nothing contained in this contract shall create any contractual relation between any subcontract and the City.

14. Independent Contractor. Neither City nor any of its employees shall have any control over the manner, mode, or means by which Service Provider, its agents or employees, perform the services required herein, except as otherwise set forth herein. Service Provider shall perform all services required herein as an independent contractor of City and shall not be an employee of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role; however, City shall have the right to review Service Provider's work product, result, and advice. Service Provider shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City.

15. Indemnification. The Service Provider agrees to indemnify, defend and hold harmless City and its officers, employees and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation, costs and fees of litigation) of every nature arising out of or in connection with Service Provider's performance of work hereunder or its failure to comply with any of its obligations contained in the Agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the City.

16 Insurance Requirements. During the term of this Agreement, Service Provider shall maintain, keep in force and pay all premiums required to maintain and keep in force liability and property damage insurance. The limits of such policy shall be as required by the City of Madera as set forth in the Request for Proposals ("RFP") to perform these needed services attached hereto as Exhibit "A" and incorporated herein as though set forth in full and as indicated in the response to RFP attached hereto as Exhibit "B" and incorporated herein as though fully set forth.

17. Successor and Assigns. City and Service Provider each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

18. Legal Requirements and Permits. The Service Provider agrees to fully comply with all local, City, State and Federal laws, regulations and ordinances governing

performance of contractual services required hereunder, and it will be the responsibility of the Service Provider to obtain any and all necessary licenses, permits and/or clearances.

19. Attorney's fees/venue. In the event that any action is brought to enforce the terms of this Agreement, the party found by the court to be in default agrees to pay reasonable attorney's fees to the successful party in an amount to be fixed by the Court. The venue for any claim being brought for breach of this Agreement shall be in Madera County.

20. Governing Law. The laws of the State of California shall govern the rights and obligations of the parties under the Agreement, including the interpretation of the Agreement. If any part of the Agreement is adjudged to be invalid or unenforceable, such invalidity shall not affect the full force and effect of the remainder of the Agreement.

21. Familiarity with Work. By executing this Agreement, Service Provider warrants that it has carefully considered how the work should be performed and fully understands the facilities, difficulties, and restrictions attending performance of the work under this Agreement.

22. Records and Reports

A. Reports. Service Provider shall periodically prepare and submit to the Finance Director such reports concerning the performance of the services required by this Agreement as the Finance Director shall require.

B. Records. Service Provider shall keep such books and records as shall be necessary to properly perform the services required by this Agreement and enable the Finance Director to evaluate the performance of such services. The Finance Director shall have full and free access to such books and records at all reasonable times, including the right to inspect, copy, audit, and make records and transcripts from such records.

C. Ownership of Documents. All drawings, specifications, reports, records, documents, and other materials prepared by Service Provider in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Finance Director or upon the termination of this Agreement, and Service Provider shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights or ownership of the documents and materials hereunder. Service Provider may retain copies of such documents for its own use. Service Provider shall have an unrestricted right to use the concepts embodied therein.

D. Release of Documents. All drawings, specifications, reports, records, documents, and other materials prepared by Service Provider in the performance of services under this Agreement shall not be released publicly without the prior written approval of the Finance Director.

E. Cost Records. Service Provider shall maintain all books, documents, papers, employee time sheets, accounting records, and other evidence pertaining to costs incurred while performing under this Agreement and shall make such materials available at its offices at all reasonable times during the term of this Agreement and for three (3) years from the date of final payment for inspection by City and copies thereof shall be promptly furnished to City upon request.

23. Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement, which shall be interpreted to carry out the intent of the parties hereunder.

24. Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by so executing this Agreement the parties hereto are formally bound to the provisions of this Agreement.

25. Waiver. No delay or omission in the exercise of any right or remedy of a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. No consent or approval of City shall be deemed to waive or render unnecessary City's consent to or approval of any subsequent act of Service Provider. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

26. Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

27. Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct, or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain injunctive relief, a declaratory judgment, or any other remedy consistent with the purposes of this Agreement.

This agreement and the attachments and exhibits incorporated herein by reference, represents the entire agreement and understanding between the parties. Any modifications to this Agreement shall be in writing and signed by authorized representatives of the parties. One or more waivers of any term, condition or covenant by either party shall not be construed as a waiver of any other term, condition or covenant.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at Madera, California, the day and year first above written.

CITY OF MADERA

THE PUN GROUP

By: \_\_\_\_\_  
Andrew J. Medellin, Mayor

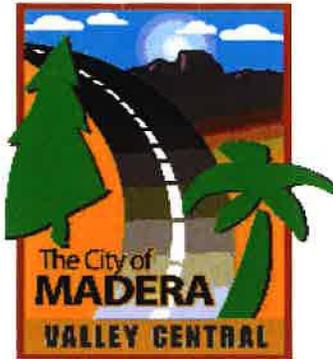
By: \_\_\_\_\_  
Kenneth Pun, The Pun Group

APPROVED AS TO FORM

ATTEST:

By: \_\_\_\_\_  
Hilda Cantu Montoy, Interim City Attorney

By: \_\_\_\_\_  
Alicia Gonzales, City Clerk



CITY OF MADERA

REQUEST FOR PROPOSALS (RFP)  
RFP 201920-02

PROFESSIONAL AUDITING SERVICES

RFP SUBMISSION DATE: MONDAY, August 5, 2019  
BY  
3:00 P.M.

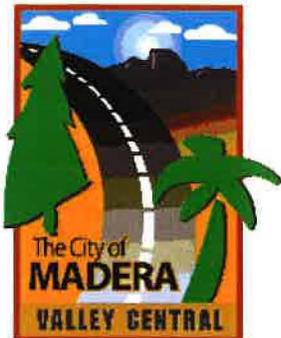
PROPOSAL CONTACT:

Becky McCurdy  
Purchasing-Central Supply  
1030 S. Gateway Drive  
Madera, CA 93637

Phone: (559) 661-5463  
FAX: (559) 661-0760  
Email: [rmccurdy@cityofmadera.com](mailto:rmccurdy@cityofmadera.com)

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## REQUEST FOR PROPOSAL

### PROFESSIONAL AUDITING

### SERVICES

RFP NO. 201920-02

July 10, 2019

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## 1. INSTRUCTIONS AND CONDITIONS

A. No bid proposal will be considered for award unless submitted in the bid format described in this Request for Proposal (RFP). The bid must be fully complete and executed. Bidders shall send three (3) copies of the completed proposals which will include; two (2) bound copies and one (1) unbound original with a copy of this RFP attached to the front of each proposal, with appropriate responses included.

Format: Proposal should be 8 ½ x 11 inches, printed two-sided on recycled paper with removable bindings, bound in a single document. Binding can be as simple as a staple. Original and copies may be submitted in one envelope/package.

Each bid proposal, consisting of the original and copies as directed above, must be submitted in a sealed envelope addressed to Becky McCurdy, City of Madera, Purchasing-Central Supply, 1030 South Gateway Drive, Madera, California 93637, and delivered prior to the time and date specified in this document. Each sealed envelope containing a bid proposal must have, on the outside, the name of the bidder, bidder's address and the statement "DO NOT OPEN UNTIL THE TIME OF BID OPENING" and in addition, must be plainly marked on the outside as follows:

**Bid: PROFESSIONAL AUDITING SERVICES**

**RFP No. 201920-02**

**Filing Deadline: Monday, August 5, 2019 - 3:00 P.M.**

B. Attention of bidders is especially directed to the specifications which, in addition to the bid proposal and these instructions, are basis for evaluation and will be part of any agreement with the successful bidder. Any deviations from the specifications in this notice shall be proper reason for rejection of all or any part of the bid proposal.

C. The City reserves the right to reject or accept any or all bids or parts thereof, and to accept or reject the alternatives individually or jointly, for any reason.

D. The City reserves the right to consider any minor deviations from the specifications and determine the acceptance or rejection of such deviation. The City reserves the right to seek supplementary information from any bidder at any

time after official proposal opening and before the award. Such information will be limited to clarification or amplification of information requested in the original proposal.

E. The City of Madera recognizes its policy of providing equal opportunity to all qualified Persons and hereby notifies all bidders that it encourages all bidders to take active race/gender-neutral steps to include Disadvantaged Business Enterprises in this and other City of Madera agreements. Disadvantaged Business Enterprises will be afforded full opportunity to submit bids in response to this invitation. Bidders will not be discriminated against on the grounds of race, color, religious creed, sex or national origin in consideration for award.

F. The City reserves the right to modify this RFP at any time. In the event it becomes necessary to modify or revise the RFP, a written amendment or addenda issued by City's Purchasing-Central Supply Division is the only method which should be relied on with respect to changes to the RFP. Bidder is responsible to contact City's Purchasing-Central Supply Division prior to submitting a bid to determine if any amendments were made to the RFP. Documents, amendments, addenda, etc. will be posted to the City website at <https://www.madera.gov/purchasing> on the Bid Announcement and Results page.

The City will not be responsible for verbal responses made by any parties including the designated contact and/or her/his designee. Before an award is made, any contact with City staff regarding this RFP, other than the designated contact or his/her designee(s), without prior written authorization is strictly prohibited and may render the bidder non-responsive.

**No questions or inquiries regarding this RFP should be directed to any individual(s) at the sites detailed in this document. All inquiries should be submitted in writing per the process described in this document.**

**Questions and suggestions concerning the RFP must be submitted in writing no later than 3:00 p.m. Monday, July 29, 2019.** Written questions or inquires should be emailed, mailed or faxed to:

Becky McCurdy  
City of Madera  
Purchasing-Central Supply  
1030 S. Gateway Drive  
Madera, CA 93637

[rmccurdy@cityofmadera.com](mailto:rmccurdy@cityofmadera.com)

FAX: (559) 661-0760

G. Proposals will be evaluated by the City. If a bid proposal is found to be incomplete or not in compliance with the format required, it will not be submitted for evaluation. During the evaluation process, the City may find it beneficial to request additional information. The City may request an interview with the top rated companies. A reference check may also be conducted.

H. Any proposal may be withdrawn at any time prior to the hour fixed for the opening, provided that a request in writing executed by the bidder or his/her duly authorized representative, for the withdrawal of such proposal is filed with Purchasing-Central Supply. The withdrawal of a proposal shall not prejudice the right of a bidder to file a new proposal prior to the time and date set for the opening. After the expiration of the time and date for receipt of proposals, a proposal may not be withdrawn or altered.

I. The City reserves the right to seek supplementary information from any bidder at any time after official proposal opening and before the award. Such information will be limited to clarification or amplification of information asked in the original proposal.

J. Issuance of the RFP and receipt of proposals does not commit the City to award an agreement. The City reserves the right to postpone the RFP process for its own convenience, to accept or reject any or all proposals received in response to this RFP, to negotiate with other than the selected company should negotiations with the selected company be terminated, or to cancel any section of this RFP. The City also reserves the right to apportion the award among more than one company.

K. An award under this RFP will not be based solely on the lowest price. If an award is made, it will go to the bidder(s) with the best overall proposal. The successful proposal will be competitively priced and provide for adequate service to meet the City's needs.

L. An award will be made as soon as possible after the opening of bids. Bid proposals shall remain valid for at least ninety (90) days after the opening of bids. No bid proposal may be withdrawn after the bid opening.

M. It is the City's intent to award a single Contract for the work described. The City reserves the right to award a contract, or make no award, whichever is in the best interests of the City. The City also reserves the right to negotiate the terms and conditions of the contract resulting from this solicitation. The term of the contract shall be for three years with two additional one year options. Each extension of the contract is subject to the review and recommendation of the City, the satisfactory negotiation of terms (including a price acceptable to both the City of Madera and the selected firm), and annual availability of an appropriation. The successful bidder shall enter into a formal agreement with the City which will be very similar in content to Attachment B: Draft Agreement which is provided for information purposes only and to help clarify City intent relevant to this RFP.

N. It is the City's policy to encourage the purchase of supplies, services, and equipment from vendors located within the boundaries of the City. Local vendors are sellers, vendors, suppliers and contractors who maintain places of business located within the limits of the City and who have a current City of Madera business license.

Bidders will, to the greatest extent feasible, attempt to incorporate local area businesses as subcontractors and suppliers. Bidders will provide documentation of current use of local vendors and upon request, provide records showing ongoing outreach efforts made to local businesses to demonstrate that they have made a reasonable effort to inform local businesses of the opportunity.

The local vendor outreach policy shall not apply to those agreements where State or Federal law, or other laws or regulations preclude such a preference.

O. Each bidder shall carefully examine each and every term of this RFP; and each bidder shall judge all the circumstances and conditions affecting his/her bid. Failure on the part of any bidder to make such examination and to investigate thoroughly shall not be grounds for any declaration that the bidder did not understand the conditions of this RFP.

P. Bidder's Proprietary information: Upon award, all documents provided by the successful bidder shall become public record. All documents provided by any bidders, other than the successful bidder, shall become public record in their entirety and subject to disclosure, unless said documents are retrieved by the bidder within ten (10) business days of the award. This shall also include, but is not limited to documents for which all proposals are rejected and for which an award is not made for any reason. In the event that one or more proposals are returned to the bidding parties, it is the intent of the City that such documents shall not become public records of the City unless required by the California Public Records Act or other provision of law.

Q. Bidder shall supply any Federal or State of California License/Certification/Contractors License required to provide the services and a Certificate of Insurance in accordance with Attachment C: Insurance Requirements for Consultants.

Service provider, his agents, representatives, employees and subcontractors shall maintain current and appropriate vehicle operator licenses for any vehicle operated within the scope of this Agreement.

R. The City intends that other public agencies (county, special district, public authority, public agency, school district or other political subdivision of the state of California) shall have the option to participate in any agreement created because of this Invitation for Bid. The City of Madera shall incur no financial responsibility in connection with a purchase order from another public entity. Vendor's agreement or failure to agree to the "piggyback" agreement will not be a factor in the award. This piggyback will remain available for one year from the date of the Bid award.

Check one of the following:

- i.  Agree to extend all prices, terms, and conditions of my proposal to any other public agency located in the State of California with no exceptions.

- ii.  Agree to extend all prices, terms, and conditions of my proposal to any other public agency located in the State of California with the following exceptions noted, as attached.
- iii.  The Vendor does not agree to extend pricing, terms and conditions in our Bid to any other agency.

S. All expenses associated with the preparation and submission of a proposal to the City shall be the sole financial responsibility of the proposer.

## **2. GENERAL INFORMATION**

The City of Madera is requesting proposals from qualified certified public accountant firms to audit its financial statements for the three fiscal years ending June 30, 2019, June 30, 2020, and June 30, 2021 with the option of extending this agreement for two additional one-year periods. To meet the requirements of this Request for Proposals, 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 for financial audits set forth in the U. S. General Accounting Office's *Government Auditing Standards (1994)*,
3. The provisions of the Single Audit Act of 1984 (as amended in 1996),
4. The provisions of the U. S. Office of Management and Budget (OMB) Circular A-133, audits of States, Local Governments, and Non-Profit Organization, Audits of State and Local Governments,
5. Guidance for federal awards and agreements as provided in the Code of Federal Regulation (CFR)2 Part 200. Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards.
6. Any other applicable standards for conducting examinations of those items outlined in the Scope of Work and/or Reports to be issued in conjunction therewith.

The City desires a Comprehensive Annual Financial Report (CAFR) to be prepared by the independent auditor and be fully compliant with all applicable GASB statements for the fiscal year ended June 30, 2019 and each of the subsequent years, June 30, 2020 and 2021 of the audit firm's contract with the City.

## **3. SCOPE OF WORK**

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

- A. The audit firm will perform an audit of all funds of the City of Madera. 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. The audit shall include at a minimum the following components:

1. The audit firm shall perform agreed-upon auditing procedures pertaining to the City's GANN Limit (Appropriations Limit) and render a letter annually to the City regarding compliance.
2. 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 City Manager.
3. The audit firm may be consulted occasionally throughout the year as an information resource. The auditors may be asked to provide guidance on implementation of GASB requirements and specifics of Federal and State regulations as they may affect local government accounting. During the term of this contract, the City will implement any and all new GASB statements that are applicable to comply with governmental financial reporting standards as established by GASB.

In addition to the task identified above the City would like to request pricing on the following optional task:

1. Prepare the financial statements for the Financing Authority, a component unit of the City.
- B. 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.
- C. The City of Madera operates a municipal golf course. On an as needed basis, the City requires the audit firm to perform a compliance review of the agreement between the City and the management company that has been retained to operate and manage the golf course.

D. Reports to be issued

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

E. 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 financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditors' understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. An "in-relation-to" report on the schedule of federal financial assistance.
5. A report on the internal control structure used in administering federal financial assistance programs (this report may be combined with report number 2).
6. A report on compliance with specific requirement applicable to major federal financial assistance programs.
7. A report on compliance with specific requirements applicable to non-major federal financial assistance programs (this report may be combined with report number 6).
8. A report on compliance with general requirements for both major and non-major federal financial assistance programs.
9. Agreed-upon procedures reports regarding verification of the Gann limit.
10. Statistical tables in accordance with GASB 44.

In the required report(s) on internal controls, the auditor shall communicate 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.

Reportable conditions that are also material weaknesses shall be identified

as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report (s) on internal controls.

The reports on compliance shall include all instances of noncompliance.

F. 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 Director of Finance.

G. Special Considerations

1. The City of Madera has determined that the United States Department of Transportation will function as the cognizant agency in accordance with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations.

2. The schedule of federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance are not to be included in the Comprehensive Annual Financial Report, but are to be issued separately.

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 seven (7) years, unless the firm is notified in writing by the City of Madera 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 Madera
- U.S. Department of Transportation
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state government or by the City of Madera as part of an audit quality review process.
- Auditors of entities of which the City is a sub-recipient of grant funds.

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.

I. Audit Schedule

The planning phase of the audit engagement may commence upon receipt of a Notice to Proceed to be issued after award by City Council and execution of a City-standard two-party agreement. The audit shall provide the City with an audit plan and a list of schedules to be prepared by City personnel prior to the beginning of fieldwork. Interim fieldwork would be expected to be performed in June with the final phase of fieldwork commencing in September.

The City will attempt to have the books closed and all agreed upon schedules available for the auditors by the second Friday in October.

In the period ending June 30, 2019 the auditor and the Director of Finance shall adopt a schedule for production of the final reports with the understanding that the dates listed below are the preferred dates for production of the reports. In all subsequent years the auditor shall have drafts of the final reports and recommendations to management available for review by the Finance Director by the following dates:

City of Madera	2 <sup>nd</sup> Friday in November
Financing Authority	2 <sup>nd</sup> Friday in November
Successor Agency to the former Madera Redevelopment Agency	2 <sup>nd</sup> Friday in November

J. Entrance Conferences, Progress Reporting and Exit Conferences

An entrance conference should be scheduled prior to beginning interim fieldwork. Progress reports are expected on at least a monthly basis to the Finance Director. An exit conference to summarize the results of fieldwork and to review significant findings is expected on the last day of fieldwork or shortly thereafter.

K. Final Reports

The Finance Department will complete their review of the draft report as expeditiously as possible. This process is not expected to exceed two weeks. During that period, the auditor should be available for any meetings that may be necessary to discuss the drafts. Once all issues for discussion are resolved, the auditor shall publish, produce and deliver to City ten (10) bound and one (1) photo ready copy of the final signed report. It is anticipated that this process will be completed and the final reports delivered by the following dates:

City of Madera	November 22
Financing Authority	November 22

#### 4. BACKGROUND INFORMATION

##### A. City Representative

The auditor's principal contact with the City will be Susan O'Haro, Acting Director of Finance or a designated representative, who will coordinate the assistance to be provided by the City to the auditor.

##### B. Background Information

The City of Madera is a general law, full service municipality located in the Central San Joaquin Valley, 30 miles north of Fresno. The City operates under the Council-Manager form of government and provides basic local governmental services including public safety, maintenance and construction of public improvements, cultural, recreation, planning, zoning and general administration. In addition, the City operates enterprises including: Water, Sewer, Waste Disposal and a General Aviation Airport.

The City has a total operating fund budget of approximately \$90 million for fiscal year ending June 30, 2019 and employs approximately 325 full-time equivalent employees.

The City is organized into approximately 17 departments and agencies. The accounting and financial reporting functions of the City are centralized.

##### C. Financial Operations

The City's Finance Department is headed by Susan O'Haro, Acting Director of Finance and consists of 16 employees. The principal functions performed and the number of employees assigned to each are as follows:

<u>Function</u>	<u>Number of Employees</u>
Accounting	3
Audit and Budget	4
Payroll	1
Business License	1
Accounts Payable	1
Investments/Special Districts	1
Accounts Receivable	1
Cashier	8
Collections	3
Clerical	8

D. Fund Structure

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

<u>Fund type/Account Group</u>	<u>Number of Individual Funds</u>	<u>Number w/Legally Adopted Annual Budgets</u>
General Fund	5	5
Special Revenue Funds	141	141
Debt Service Funds	3	3
Capital Projects Funds	8	8
Enterprise Funds	8	8
Internal Service Funds	3	3
Private Purpose Trust Funds	1	N/A
Non-expendable Trust Funds	-	-
Pension Trust Funds	-	-
Agency Funds	1	N/A
General Fixed Assets Account	1	N/A
General Long-Term Debt Account	1	N/A

E. Federal and State Financial Assistance

During the fiscal year 2018/19 the City of Madera received the following financial assistance:

<b>Catalog of Federal Domestic Assistance \$</b>	<b>Program</b>	<b>FY 2018/19 Expenditure</b>
20.507	Federal Transit Administration	863,000
14.218	Community Development Block Grant	575,060

And several smaller Federal and State pass through awards.

F. Pension Plan

The City of Madera participates in the California Public Employees Retirement System (PERS), an agent multiple-employer plan. Actuarial services for the plan are provided by PERS.

G. Component Units

The City is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's Codification of Governmental

Accounting and Financial Reporting Standards Section 2100. Using these criteria, component units have a fiscal year end of June 30 and are to be audited as part of the City's financial statements.

The management of the City identified the following component units for inclusion in the City's financial statements:

**1. Housing Authority of the City of Madera.** The Housing Authority of the City of Madera was activated by the City Council of the City of Madera on July 3, 1985. The purpose of the Housing Authority is to respond to the need for affordable housing in Madera by providing a financing mechanism to encourage such development in the City. Additional housing services, such as operation of the Section 8 Rent Subsidy program, are carried out on behalf of the Housing Authority of the City of Madera by the Riverside County Housing Authority. The members of the City Council of the City of Madera currently serve as the Commissioners of the Housing Authority.

**2. City of Madera Financing Authority.** The City of Madera Financing Authority was created by a joint exercise of joint powers agreement between the City of Madera and the Redevelopment Agency of the City of Madera on February 1, 1991. The purpose of the Authority is to provide, through the issuance of debt, financing necessary for various capital improvements. The Authority is administered by the Board who are the members of the City Council and the Mayor. The Authority's sole source of income is installment sale, loan and lease payments received from the City and Successor Agency to the former Madera Redevelopment Agency which are used to meet the debt service requirements on debt issues.

H. Computer Systems

COMPUTER HARDWARE

Type of Equipment	Number	Networked
Multiple Servers	50 (approx.)	Yes
Personal Computers	300 (approx.)	Yes

COMPUTER SOFTWARE

Vendor	Major Applications
Tyler Munis	General Ledger, Accounts Payable, Budget, Capital Assets, Utility Billing (tentative go-live 02/18/2020)
MAIS	Utility Billing – expect to transition to Munis 02/18/2020
Executime	Payroll
TRACUM	Fleet Management

I. Availability of Comprehensive Annual Financial Reports

The Audited Financial Statements for the last three years are available on the City's website at [www.madera.gov](http://www.madera.gov) Click on "Departments", click on "Finance" and you will see the link for the Audited Financial Statements.

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

A. Finance Department Assistance

The Finance Department staff and responsible personnel will be available during the audit to assist the firm by 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.

The auditors may be responsible for pulling some files and refiling them depending on the items requested.

B. Information Technology (IT) Assistance

IT Personnel will be available to provide system's documentation and explanations. The auditor will not be provided computer time and the use of the City's computer hardware and software unless mutually agreed upon. However, various computer reports will be provided to the auditor as required.

C. Statements and Schedules to be Prepared by the Staff of the City

The City will prepare statements and schedules for the auditor as requested.

D. Work Area, Telephones, Photocopying and FAX Machines

The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying machine, and FAX machine.

Long distance telephone and/or FAX communications will be charged to the auditor.

6. **PROPOSAL CONTENT INSTRUCTIONS**

Please submit three (3) hard copies of your proposal to the City of Madera which will include; two (2) bound copies and one (1) unbound original with a copy of this RFP attached to the front of each proposal. Please keep your proposal as concise as possible. The proposal must contain the information below. To easily rate your proposal; please format your response to coordinate with the numbering system outlined below. For

example, section #1, would be your firm's Transmittal Letter, section #2 would contain the general information about your firm and so forth.

1. Each proposal shall include a transmittal letter with the firm's address, telephone number, e-mail address. The transmittal letter should be signed by a legally authorized representative of the company, briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for fiscal years 2018-19, 2019-20, and 2020-21.
2. Each bidder should include a summary of their proposed management plan covering specifications and qualifications.
3. The proposal should present qualifications that demonstrate the bidder's ability to successfully accomplish this project.
4. The firm is required to include a summarization of the results of its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall 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 firm 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.

5. Each bidder shall provide three references. (Regarding references, bidders shall determine prior to including the references in the proposal that the references are relevant, contact information is accurate, and reference contact has agreed to provide a complete and uncensored testimony.)
6. Each bidder may, but is not required to, include additional references, resumes and any other materials deemed necessary but not provided otherwise (such as promotional literature, etc.). Note that these materials may or may not be reviewed by all evaluators and may not be part of the official evaluation except to the extent they support qualifications and experience.
7. Specific Audit Approach

The proposal should set forth a summarized work plan, including an explanation of the audit methodology to be followed, to perform the required services as described in this request for proposal. The work plan should reference such sources of information as the City of Madera budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. Proposers will be

required to provide the following information on their audit approach:

- a. Proposed segmentation of 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 the engagement
- d. Approach to be taken to gain and document an understanding of the City's internal control structure
- e. Approach to be taken in determining laws and regulations that will be subject to audit test work
- f. Approach to be taken in drawing audit sample for purposes of tests of compliance

8. Identification of 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.

9. Cost Proposal

- a. Total All-Inclusive Price.

The Bid Proposal Authorization and cost schedule (forms included in this RFP as: Attachment A) shall contain all pricing information relative to performing the audit engagement as well as the other tasks defined in this RFP, for each of the three contract years as described in this request for proposal. The total all-inclusive price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the response to this RFP. Such costs shall not be included in the proposal.

A Total All-Inclusive Price for the 2018-19, 2019-20, and 2020-21 fiscal year engagements for each of the Cost Schedules shall be completed. **THE COST IS TO APPEAR IN BOTH NUMBERS AND IN WORDS.**

b. Rates for Additional Professional Services

If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included 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 the 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 cost schedule.

c. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's cost schedule proposal. Interim billing shall cover a period of not less than a calendar month. The final ten percent (10%) of the *Total All-Inclusive Price* will be paid upon delivery of the firm's final reports.

7. **EVALUATION PROCESS**

A. Review of Proposals

An evaluation team will be assembled by the City. Each evaluator will first score each proposal by each of the criteria described below. The evaluation will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite score for each firm. Ranking will be assigned based on the composite score.

B. Evaluation Criteria

Proposals will be numerically scored and ranked using the criteria and weighting described in this section. The scores assigned will reflect the extent to which criteria is fulfilled relative to other proposals. The evaluation criteria and maximum score that can be achieved for each criterion are presented as follows:

**Evaluation Criteria and Maximum Evaluation Score**

<b>Criteria</b>	<b>Maximum Evaluation Score</b>
Ability to meet the stated requirements including adequacy of proposed staffing, techniques and procedures	20
Past performance and experience with emphasis on comparable government experience	20
Conformance to terms of RFP in preparing and submitting the proposal	10
Implementation Plan	15
Cost Proposal Rates	35
<b>Total Maximum Score</b>	<b>100</b>

The City reserves the right to act in the best interest of the City and its residents and businesses, including the right to reject a proposal that is given the highest quantitative scoring in the evaluation process if the proposal is not in the best interest of its residents and businesses.

**8. NEGOTIATION**

The City of Madera shall reserve the right to negotiate any terms and conditions of the RFPs received, with the final candidate prior to acceptance/rejection of said proposals. Upon determination of the highest ranked Bidder, staff will commence negotiations with the firm that received the highest ranking. The negotiations will be conducted in accordance with City of Madera policies and procedures. When negotiations are successfully concluded, staff will present their recommendation to the City Council.

\* \* \* \* \*

Note: This entire packet should be returned with the bid.

Attachment A

CITY OF MADERA

BID PROPOSAL AUTHORIZATION  
And COST SCHEDULE

PROFESSIONAL AUDITING SERVICES

RFP NO. 201920-02

DATE \_\_\_\_\_

COMPANY NAME \_\_\_\_\_

STREET ADDRESS \_\_\_\_\_

CITY / STATE / ZIP \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

EMAIL \_\_\_\_\_

PERSON PREPARING BID \_\_\_\_\_

POSITION \_\_\_\_\_

SIGNATURE \_\_\_\_\_

**COST SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

**FOR THE AUDITS OF THE FY 2018-19 THROUGH 2020-21 AND PREPARATION OF  
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

	Hours	Hourly Rates	Total \$ FY 2018- 2019	Total \$ FY 2019- 2020	Total \$ FY 2020- 2021
<b>Partners</b>					
<b>Managers</b>					
<b>Supervisory Staff</b>					
<b>Staff</b>					
<b>Other (specify)</b>					
<b>Total for services</b>					
<b>Other (specify):</b> <b>Estimated number of hours required from City to develop permanent file:</b> <div style="display: flex; justify-content: flex-end; gap: 20px;"> <span>_____ From City Clerk's Office</span>  <span>_____ From Finance Department</span> </div>					
<b>Total all-inclusive maximum price (3 years <u>total</u>): \$</b>					
<b>Total all-inclusive maximum price (3 years <u>total</u>) IN WORDS :</b>					

**COST SCHEDULE FOR THE SINGLE AUDIT REPORT**

	Hours	Hourly Rates	Total \$ FY 2018- 2019	Total \$ FY 2019- 2020	Total \$ FY 2020- 2021
<b>Partners</b>					
<b>Managers</b>					
<b>Supervisory Staff</b>					
<b>Staff</b>					
<b>Other (specify)</b>					

<b>Total price for the Single Audit Report: \$</b>					
<b>Total price in WORDS:</b>					

**COST SCHEDULE FOR THE PREPARATION OF THE GOLF COURSE COMPLIANCE REVIEW**

	<b>Hours</b>	<b>Hourly Rates</b>	<b>Total \$ FY 2018- 2019</b>	<b>Total \$ FY 2019- 2020</b>	<b>Total \$ FY 2020- 2021</b>
<b>Partners</b>					
<b>Managers</b>					
<b>Supervisory Staff</b>					
<b>Staff</b>					
<b>Other (specify)</b>					
<b>Total price for the Golf Course Compliance Review: \$</b>					
<b>Total price in WORDS:</b>					

**COST SCHEDULE FOR THE CITY OF MADERA FINANCING AUTHORITY AUDIT REPORT**

	Hours	Hourly Rates	Total \$ FY 2018- 2019	Total \$ FY 2019- 2020	Total \$ FY 2020- 2021
<b>Partners</b>					
<b>Managers</b>					
<b>Supervisory Staff</b>					
<b>Staff</b>					
<b>Other (specify)</b>					
<b>Total price for the City of Madera Financing Authority Audit Report: \$</b>					
<b>Total price in WORDS:</b>					

**COST SCHEDULE FOR THE CITY OF MADERA ADDITIONAL PROFESSIONAL SERVICES**

	Hourly Rates
<b>Partners</b>	
<b>Managers</b>	
<b>Supervisory Staff</b>	

<b>Staff</b>	
<b>Other (specify)</b>	

**AGREEMENT FOR PROFESSIONAL SERVICES**

THIS AGREEMENT FOR PROFESSIONAL AUDITING SERVICES ("Agreement"), made this \_\_\_\_\_ day of \_\_\_\_\_, 2019, by and between the City of Madera ("City") and \_\_\_\_\_, ("Service Provider");

**RECITALS**

A. City desires to retain a qualified firm to provide professional auditing services in accordance with the terms of Request for Proposal Professional Auditing Services RFP No. 201920-02 ("RFP"). The Service Provider has responded to the Request for Proposals ("RFP") to perform these needed services attached hereto as Exhibit "A" and incorporated herein as though set forth in full and as indicated in the response to RFP attached hereto as Exhibit "B" and incorporated herein as though fully set forth. The City desires to have the Service Provider perform the work in accordance with the RFP and the response thereto prepared by the Service Provider. The work to be performed in accordance with Exhibit "A" and Exhibit "B" is hereinafter referred to as "Professional Auditing Services."

B. The Service Provider represents to City that it is a firm composed of highly trained professionals and is fully qualified to conduct these services for City as described in their response to RFP and accepted as final.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, it is agreed by and between the City and the Service Provider as follows:

1. Services. The City hereby employs Service Provider to perform the Professional Auditing Services herein set forth at the compensation and upon the terms and conditions herein expressed, and Service Provider hereby agrees to perform such services for said compensation, and upon said terms and conditions City hereby authorizes Service Provider to commence work on \_\_\_\_\_, 2019. In the event of any inconsistency between the terms contained in the RFP and response thereto, the terms set forth in the main body of this Agreement shall govern.

2. Compensation. As compensation for all services of Service Provider in performance of this Agreement, City shall pay Service Provider as described herein. For the services rendered pursuant to this Agreement, Service Provider shall be compensated and reimbursed, in accordance with the schedule of fees set forth in Exhibit "A,"

A. Method of Payment. In any month in which Service Provider wishes to receive payment, Service Provider shall no later than the first working day of such month, submit to City in the form approved by City's Finance Director, an invoice for services rendered prior to the date of the invoice. Payments shall be based on the hourly rates as set forth in Exhibit "A" for authorized services performed. City shall pay Service Provider for all expenses stated thereon, which are approved by City consistent with this Agreement, within thirty (30) days of receipt of Service Provider's invoice.

3. Changes. In the event any change or changes in the Scope of Services/Work is requested by City, the parties hereto shall execute a written amendment to this Agreement, setting forth with particularity all terms of such amendment, including, but not limited to, any additional fees. An amendment may be entered into:

A. To provide for revisions or modifications to documents or other work product or work when documents or other work product or work is required by the enactment or revision of law subsequent to the preparation of any documents, other work product, or work;

B. To provide for additional services not included in this Agreement or not customarily furnished in accordance with generally accepted practice in Service Provider's profession.

Any changes to this Agreement requested by either City or Service Provider may only be effected if mutually agreed upon in writing by duly authorized representatives of the parties hereto. This Agreement shall not be modified or amended or any rights of a party to it waived except by such a writing.

4. Appropriations. This Agreement is subject to and contingent upon funds being appropriated therefore by the City Council of City for each fiscal year covered by the Agreement. If such appropriations are not made, this Agreement shall automatically terminate without penalty to City.

5. Entire Agreement. This Agreement consists of the following documents, in order of precedence, and shall be the entire agreement between parties:

This Agreement

A. City's Request for Proposal \_\_\_\_\_, dated \_\_\_\_\_, 2019

B. Service Provider's response to RFP dated \_\_\_\_\_, 2019 and all attachments thereto, by reference, included herein.

6. Term of Agreement. Unless earlier terminated in accordance with Section 12 of this Agreement, this Agreement shall continue in full force and effect for a period commencing on \_\_\_\_\_, 2019, and ending on \_\_\_\_\_, 2021, unless extended by

mutual written agreement of the parties. City and Service Provider may, upon mutual agreement of both parties, extend this Agreement for up to two (2) additional one-year terms.

7. Time for Completion. The time for completion of the services to be performed by Service Provider is an essential condition of this Agreement. Service Provider shall prosecute regularly and diligently the work of this Agreement according to the agreed upon schedule of performance set forth in Exhibit's "A" and "B." Service Provider shall not be accountable for delays in the progress of its work caused by any condition beyond its control and without the fault or negligence of Service Provider. Delays shall not entitle Service Provider to any additional compensation regardless of the party responsible for the delay.

8. Performance Schedule

A. Time of Essence. Time is of the essence in the performance of this Agreement.

B. Schedule of Performance. All services rendered pursuant to this Agreement shall be performed pursuant to the agreed upon schedule of performance set forth in Exhibit's "A" and "B." The extension of any time period must be approved in writing by the City's Finance Director.

9. Force Majeure. The time for performance of services to be rendered pursuant to this Agreement may be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of Service Provider, including, but not limited to, acts of God or of a public enemy, acts of the government, fires, earthquakes, floods, epidemic, quarantine restrictions, riots, strikes, freight embargoes, and unusually severe weather if Service Provider shall within ten (10) days of the commencement of such condition notify the Finance Director who shall thereupon ascertain the facts and the extent of any necessary delay, and extend the time for performing the services for the period of the enforced delay when and if in the Finance Director's judgment such delay is justified, and the Finance Director's determination shall be final and conclusive upon the parties to this Agreement.

10. Qualifications of Employees. The City may require dismissal from the work on this contract, employees whom it deems incompetent, careless or otherwise objectionable to the public interest.

11. Notices. Except as otherwise specifically provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party hereto, may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first class postage affixed thereto, and addressed as indicated below, and depositing said envelope in the United States mail to:

**City of Madera**

Finance Division  
205 W. 4<sup>th</sup> Street  
Madera, California 93637  
559-661-5454

**Service Provider**

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12. Termination

A. Termination for Contract Default. If at any time, in the opinion of the City Council, upon recommendation of the Finance Director, 1) Service Provider fails to conform to the requirements of this contract; 2) Service Provider seeks relief under any law for the benefit of insolvents or is adjudicated bankrupt; 3) any legal proceedings are commenced against the Service Provider which may interfere with the performance of the contract; or 4) Service Provider has failed to supply an adequate working force, or material of proper quality, or has failed in any other respect to prosecute the work with the diligence and force specified and intended in and by the terms of the contract, notice thereof in writing may be served upon him; and should he neglect or refuse to provide means for a satisfactory compliance with contract as directed by the Finance Director within fourteen (14) days from the receipt of such notice the City Council in any such case shall have the right and power, at its option and without prejudice to any other right it may have, to terminate the contract. Any excess of the cost arising there from will be charged against the Service Provider and his sureties, who will be liable thereof. In the event of such termination, all monies due the Service Provider or retained under terms of the contract shall be forfeited to the City; but such forfeiture will not release the Service Provider or this sureties from liability for failure to fulfill the contract.

B. Termination for Convenience. City reserves the right to terminate this Agreement at any time, with or without cause, upon thirty (30) days written notice to Service Provider, except that where termination is due to the fault of Service Provider and constitutes an immediate danger to health, safety, and general welfare, the period of notice shall be such shorter time as may be determined by the City. Upon receipt of the notice of termination, Service Provider shall immediately cease all services hereunder except such as may be specifically approved by the Finance Director. Service Provider shall be entitled to compensation for all services rendered prior to receipt of the notice of termination and for any services authorized by the Finance Director thereafter. Service Provider may terminate this Agreement, with or without cause, upon thirty (30) days written notice to City.

13. Assignment and Subcontracting. The Service Provider shall not assign or subcontract the work, or any part thereof, without the previous written consent of the City, nor shall He assign, by power of attorney or otherwise, any of the money payable under this contract unless written consent of the City has been obtained. No right under this

contract, no claim for money due or to become due hereunder shall be asserted against the City, or persons acting for the City, by reason of any so-called assignment of this contract or any part thereof, unless such assignment has been authorized by the written consent of the City. In case the Service Provider is permitted to assign monies due or to become due under this contract, the instrument of assignment shall contain a clause subordinating the claim of the assignee to all prior liens for services rendered or materials supplied for the performance of work.

Should any subservice provider fail to perform in a satisfactory manner the work undertaken by him, his subcontract shall be immediately terminated by the Service Provider upon notice from the City. The Service Provider shall be fully responsible and accountable to the City for the acts and omissions of his subservice providers, and of persons directly or indirectly employed by them, as he is for the acts and omissions of persons directly employed by him. Nothing contained in this contract shall create any contractual relation between any subcontract and the City.

14. Independent Contractor. Neither City nor any of its employees shall have any control over the manner, mode, or means by which Service Provider, its agents or employees, perform the services required herein, except as otherwise set forth herein. Service Provider shall perform all services required herein as an independent contractor of City and shall not be an employee of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role; however, City shall have the right to review Service Provider's work product, result, and advice. Service Provider shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City.

15. Indemnification. The Service Provider agrees to indemnify, defend and hold harmless City and its officers, employees and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation, costs and fees of litigation) of every nature arising out of or in connection with Service Provider's performance of work hereunder or its failure to comply with any of its obligations contained in the Agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the City.

16. Insurance Requirements. During the term of this Agreement, Service Provider shall maintain, keep in force and pay all premiums required to maintain and keep in force liability and property damage insurance. The limits of such policy shall be as required by the City of Madera as set forth in the Request for Proposals ("RFP") to perform these needed services attached hereto as Exhibit "A" and incorporated herein as though set forth in full and as indicated in the response to RFP attached hereto as Exhibit "B" and incorporated herein as though fully set forth.

17. Successor and Assigns. City and Service Provider each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

18. Legal Requirements and Permits. The Service Provider agrees to fully comply with all local, City, State and Federal laws, regulations and ordinances governing performance of contractual services required hereunder, and it will be the responsibility of the Service Provider to obtain any and all necessary licenses, permits and/or clearances.

19. Attorney's fees/venue. In the event that any action is brought to enforce the terms of this Agreement, the party found by the court to be in default agrees to pay reasonable attorney's fees to the successful party in an amount to be fixed by the Court. The venue for any claim being brought for breach of this Agreement shall be in Madera County.

20. Governing Law. The laws of the State of California shall govern the rights and obligations of the parties under the Agreement, including the interpretation of the Agreement. If any part of the Agreement is adjudged to be invalid or unenforceable, such invalidity shall not affect the full force and effect of the remainder of the Agreement.

21. Familiarity with Work. By executing this Agreement, Service Provider warrants that it has carefully considered how the work should be performed and fully understands the facilities, difficulties, and restrictions attending performance of the work under this Agreement.

22. Records and Reports

A. Reports. Service Provider shall periodically prepare and submit to the Finance Director such reports concerning the performance of the services required by this Agreement as the Finance Director shall require.

B. Records. Service Provider shall keep such books and records as shall be necessary to properly perform the services required by this Agreement and enable the Finance Director to evaluate the performance of such services. The Finance Director shall have full and free access to such books and records at all reasonable times, including the right to inspect, copy, audit, and make records and transcripts from such records.

C. Ownership of Documents. All drawings, specifications, reports, records, documents, and other materials prepared by Service Provider in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Finance Director or upon the termination of this Agreement, and Service Provider shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights or ownership of the documents and materials hereunder. Service Provider may retain copies of such documents for its own use. Service Provider shall have an unrestricted right to use the concepts embodied therein.

D. Release of Documents. All drawings, specifications, reports, records,

documents, and other materials prepared by Service Provider in the performance of services under this Agreement shall not be released publicly without the prior written approval of the Finance Director.

E. Cost Records. Service Provider shall maintain all books, documents, papers, employee time sheets, accounting records, and other evidence pertaining to costs incurred while performing under this Agreement and shall make such materials available at its offices at all reasonable times during the term of this Agreement and for three (3) years from the date of final payment for inspection by City and copies thereof shall be promptly furnished to City upon request.

23. Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement, which shall be interpreted to carry out the intent of the parties hereunder.

24. Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by so executing this Agreement the parties hereto are formally bound to the provisions of this Agreement.

25. Waiver. No delay or omission in the exercise of any right or remedy of a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. No consent or approval of City shall be deemed to waive or render unnecessary City's consent to or approval of any subsequent act of Service Provider. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

26. Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

27. Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct, or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain injunctive relief, a declaratory judgment, or any other remedy consistent with the purposes of this Agreement.

This agreement and the attachments and exhibits incorporated herein by reference, represents the entire agreement and understanding between the parties. Any modifications to this Agreement shall be in writing and signed by authorized representatives of the parties. One or more waivers of any term, condition or covenant by either party shall not be construed as a waiver of any other term, condition or covenant.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at Madera, California, the day and year first above written.

CITY OF MADERA

\_\_\_\_\_(service provider)\_\_\_\_\_

By: \_\_\_\_\_  
, Mayor

By: \_\_\_\_\_  
\_\_\_\_\_(name)\_\_\_\_\_(title)

APPROVED AS TO FORM  
City Attorney

ATTEST:  
City

Clerk

By: \_\_\_\_\_  
(name)

By: \_\_\_\_\_  
(name)

## Insurance Requirements for Consultants

Without limiting Consultant's indemnification of City, and prior to commencement of Work, Consultant shall obtain, provide, and continuously maintain at its own expense during the term of the Agreement, and shall require any and all Subcontractors and Subconsultants of every Tier to obtain and maintain, policies of insurance of the type and amounts described below and in form satisfactory to the City.

### *Minimum Scope and Limits of Insurance*

Consultant shall maintain limits no less than:

- **\$1,000,000 General Liability** (including operations, products and completed operations) per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury and property damage, including without limitation, blanket contractual liability. Coverage shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability coverage form CG 00 01. General liability policies shall be endorsed using ISO form CG 20 10 that the City and its officers, officials, employees and agents shall be additional insureds under such policies.
- **\$1,000,000 Automobile Liability** combined single limit per accident for bodily injury or property damage at least as broad as ISO Form CA 00 01 for all activities of Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles. Automobile Liability policies shall be endorsed to provide that the City and its officers, officials, employees and agents shall be additional insureds under such policies.
- **Worker's Compensation** as required by the State of California and **\$1,000,000 Employer's Liability** per accident for bodily injury or disease. Consultant shall submit to the City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of the City, its officers, agents, employees, and volunteers.
- **\$1,000,000 Professional Liability (Errors & Omissions)** per claim and in the aggregate. Consultant shall maintain professional liability insurance that insures against professional errors and omission that may be made in performing the Services to be rendered in connection with this Agreement. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement, and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this Agreement. The cost of such insurance shall be included in Consultant's bid.

### *Maintenance of Coverage*

Consultant shall procure and maintain, for the duration of the contract, insurance

against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Work hereunder by Consultant, its agents, representatives, employees, subcontractors or subconsultants as specified in this Agreement.

*Proof of Insurance*

Consultant shall provide to the City certificates of insurance and endorsements, as required, as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsements must be approved by the City prior to commencement of performance. Current evidence of insurance shall be kept on file with the City at all times during the term of this Agreement. Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

*Acceptable Insurers*

All insurance policies shall be issued by an insurance company currently authorized by the Insurance commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and a Financial Size Category Class VII (or larger), in accordance with the latest edition of Best's Key Rating Guide.

*Waiver of Subrogation*

All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against the City, its elected or appointed officers, agents, officials, employees, and volunteers, or shall specifically allow Consultant, or others providing insurance evidence in compliance with these specifications, to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against the City and shall require similar written express waivers and insurance clauses from each of its subconsultants or subcontractors.

*Enforcement of Contract Provisions (non estoppel)*

Consultant acknowledges and agrees that any actual or alleged failure on the part of the Agency to inform Consultant of non-compliance with any requirement imposes no additional obligations on the City, nor does it waive any rights hereunder.

*Specifications not Limiting*

Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If Consultant maintains higher limits than the minimums required above, the entity shall be entitled to coverage at the higher limits maintained by Consultant.

*Notice of Cancellation*

Consultant agrees to oblige its insurance agent or broker and insurers to provide to the

City with thirty (30) calendar days notice of cancellation (except for nonpayment for which ten (10) calendar days notice is required) or nonrenewal of coverage for each required coverage.

*Self-insured Retentions*

Any self-insured retentions must be declared to and approved by the City. The City reserves the right to require that self-insured retentions be eliminated, lowered or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by the City's Risk Manager.

*Timely Notice of Claims*

Consultant shall give the City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

*Additional Insurance*

Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgement may be necessary for its proper protection and prosecution of the Work.



August 5, 2019

City of Madera  
Becky McCurdy  
1030 S. Gateway Drive  
Madera, California 93637

Dear Ms. McCurdy:

Please allow us to introduce our Firm and share our qualifications and proposed audit plan for the City of Madera (the "City") pursuant to your Request for Proposal for Professional Auditing Services for the Fiscal Years Ending June 30, 2019, 2020 and 2021. Our submittal package includes the following:

- ✓ Letter of Transmittal; and
- ✓ One (1) unbound original and two (2) bound copies of our Proposal.

A copy of the entire RFP package has been attached to the front of each proposal.

Each bid (Technical and Cost) has been printed two-sided in recycled paper with removable binding cones, and submitted in a sealed envelope, containing our Firm's name, address, and the statement "DO NOT OPEN UNTIL THE TIME OF BID OPENING".

In addition, the envelopes are marked on the outside as follows:

Bid: Professional Auditing Services

RFP No. 201920-02

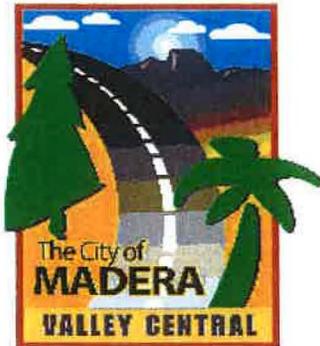
Filing Deadline: Monday, August 5, 2019 – 3:00 PM

We look forward to the opportunity to provide the City of Madera with a premier level of service. If you have any questions regarding any aspect of our proposal, please feel free to contact us.

Sincerely,

The Pun Group, LLP  
Certified Public Accountants and Business Advisors

Coley Delaney, CPA  
Partner



CITY OF MADERA

REQUEST FOR PROPOSALS (RFP)  
RFP 201920-02

PROFESSIONAL AUDITING SERVICES

RFP SUBMISSION DATE: MONDAY, August 5, 2019  
BY  
3:00 P.M.

PROPOSAL CONTACT:

Becky McCurdy  
Purchasing-Central Supply  
1030 S. Gateway Drive  
Madera, CA 93637

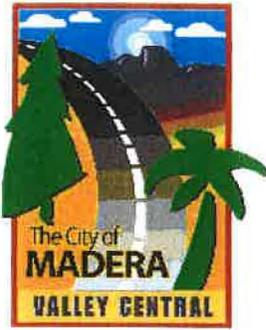
Phone: (559) 661-5463

FAX: (559) 661-0760

Email: [rmccurdy@cityofmadera.com](mailto:rmccurdy@cityofmadera.com)

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## REQUEST FOR PROPOSAL

### PROFESSIONAL AUDITING

### SERVICES

RFP NO. 201920-02

July 10, 2019

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#### 1. INSTRUCTIONS AND CONDITIONS

A. No bid proposal will be considered for award unless submitted in the bid format described in this Request for Proposal (RFP). The bid must be fully complete and executed. Bidders shall send three (3) copies of the completed proposals which will include; two (2) bound copies and one (1) unbound original with a copy of this RFP attached to the front of each proposal, with appropriate responses included.

Format: Proposal should be 8 ½ x 11 inches, printed two-sided on recycled paper with removable bindings, bound in a single document. Binding can be as simple as a staple. Original and copies may be submitted in one envelope/package.

Each bid proposal, consisting of the original and copies as directed above, must be submitted in a sealed envelope addressed to Becky McCurdy, City of Madera, Purchasing-Central Supply, 1030 South Gateway Drive, Madera, California 93637, and delivered prior to the time and date specified in this document. Each sealed envelope containing a bid proposal must have, on the outside, the name of the bidder, bidder's address and the statement "DO NOT OPEN UNTIL THE TIME OF BID OPENING" and in addition, must be plainly marked on the outside as follows:

**Bid: PROFESSIONAL AUDITING SERVICES**

**RFP No. 201920-02**

**Filing Deadline: Monday, August 5, 2019 - 3:00 P.M.**

B. Attention of bidders is especially directed to the specifications which, in addition to the bid proposal and these instructions, are basis for evaluation and will be part of any agreement with the successful bidder. Any deviations from the specifications in this notice shall be proper reason for rejection of all or any part of the bid proposal.

C. The City reserves the right to reject or accept any or all bids or parts thereof, and to accept or reject the alternatives individually or jointly, for any reason.

D. The City reserves the right to consider any minor deviations from the specifications and determine the acceptance or rejection of such deviation. The City reserves the right to seek supplementary information from any bidder at any

time after official proposal opening and before the award. Such information will be limited to clarification or amplification of information requested in the original proposal.

E. The City of Madera recognizes its policy of providing equal opportunity to all qualified Persons and hereby notifies all bidders that it encourages all bidders to take active race/gender-neutral steps to include Disadvantaged Business Enterprises in this and other City of Madera agreements. Disadvantaged Business Enterprises will be afforded full opportunity to submit bids in response to this invitation. Bidders will not be discriminated against on the grounds of race, color, religious creed, sex or national origin in consideration for award.

F. The City reserves the right to modify this RFP at any time. In the event it becomes necessary to modify or revise the RFP, a written amendment or addenda issued by City's Purchasing-Central Supply Division is the only method which should be relied on with respect to changes to the RFP. Bidder is responsible to contact City's Purchasing-Central Supply Division prior to submitting a bid to determine if any amendments were made to the RFP. Documents, amendments, addenda, etc. will be posted to the City website at <https://www.madera.gov/purchasing> on the Bid Announcement and Results page.

The City will not be responsible for verbal responses made by any parties including the designated contact and/or her/his designee. Before an award is made, any contact with City staff regarding this RFP, other than the designated contact or his/her designee(s), without prior written authorization is strictly prohibited and may render the bidder non-responsive.

**No questions or inquiries regarding this RFP should be directed to any individual(s) at the sites detailed in this document. All inquiries should be submitted in writing per the process described in this document.**

**Questions and suggestions concerning the RFP must be submitted in writing no later than 3:00 p.m. Monday, July 29, 2019.** Written questions or inquires should be emailed, mailed or faxed to:

Becky McCurdy  
City of Madera  
Purchasing-Central Supply  
1030 S. Gateway Drive  
Madera, CA 93637

[rmccurdy@cityofmadera.com](mailto:rmccurdy@cityofmadera.com)

FAX: (559) 661-0760

G. Proposals will be evaluated by the City. If a bid proposal is found to be incomplete or not in compliance with the format required, it will not be submitted for evaluation. During the evaluation process, the City may find it beneficial to request additional information. The City may request an interview with the top rated companies. A reference check may also be conducted.

H. Any proposal may be withdrawn at any time prior to the hour fixed for the opening, provided that a request in writing executed by the bidder or his/her duly authorized representative, for the withdrawal of such proposal is filed with Purchasing-Central Supply. The withdrawal of a proposal shall not prejudice the right of a bidder to file a new proposal prior to the time and date set for the opening. After the expiration of the time and date for receipt of proposals, a proposal may not be withdrawn or altered.

I. The City reserves the right to seek supplementary information from any bidder at any time after official proposal opening and before the award. Such information will be limited to clarification or amplification of information asked in the original proposal.

J. Issuance of the RFP and receipt of proposals does not commit the City to award an agreement. The City reserves the right to postpone the RFP process for its own convenience, to accept or reject any or all proposals received in response to this RFP, to negotiate with other than the selected company should negotiations with the selected company be terminated, or to cancel any section of this RFP. The City also reserves the right to apportion the award among more than one company.

K. An award under this RFP will not be based solely on the lowest price. If an award is made, it will go to the bidder(s) with the best overall proposal. The successful proposal will be competitively priced and provide for adequate service to meet the City's needs.

L. An award will be made as soon as possible after the opening of bids. Bid proposals shall remain valid for at least ninety (90) days after the opening of bids. No bid proposal may be withdrawn after the bid opening.

M. It is the City's intent to award a single Contract for the work described. The City reserves the right to award a contract, or make no award, whichever is in the best interests of the City. The City also reserves the right to negotiate the terms and conditions of the contract resulting from this solicitation. The term of the contract shall be for three years with two additional one year options. Each extension of the contract is subject to the review and recommendation of the City, the satisfactory negotiation of terms (including a price acceptable to both the City of Madera and the selected firm), and annual availability of an appropriation. The successful bidder shall enter into a formal agreement with the City which will be very similar in content to Attachment B: Draft Agreement which is provided for information purposes only and to help clarify City intent relevant to this RFP.

N. It is the City's policy to encourage the purchase of supplies, services, and equipment from vendors located within the boundaries of the City. Local vendors are sellers, vendors, suppliers and contractors who maintain places of business located within the limits of the City and who have a current City of Madera business license.

Bidders will, to the greatest extent feasible, attempt to incorporate local area businesses as subcontractors and suppliers. Bidders will provide documentation of current use of local vendors and upon request, provide records showing ongoing outreach efforts made to local businesses to demonstrate that they have made a reasonable effort to inform local businesses of the opportunity.

The local vendor outreach policy shall not apply to those agreements where State or Federal law, or other laws or regulations preclude such a preference.

O. Each bidder shall carefully examine each and every term of this RFP; and each bidder shall judge all the circumstances and conditions affecting his/her bid. Failure on the part of any bidder to make such examination and to investigate thoroughly shall not be grounds for any declaration that the bidder did not understand the conditions of this RFP.

P. Bidder's Proprietary information: Upon award, all documents provided by the successful bidder shall become public record. All documents provided by any bidders, other than the successful bidder, shall become public record in their entirety and subject to disclosure, unless said documents are retrieved by the bidder within ten (10) business days of the award. This shall also include, but is not limited to documents for which all proposals are rejected and for which an award is not made for any reason. In the event that one or more proposals are returned to the bidding parties, it is the intent of the City that such documents shall not become public records of the City unless required by the California Public Records Act or other provision of law.

Q. Bidder shall supply any Federal or State of California License/Certification/Contractors License required to provide the services and a Certificate of Insurance in accordance with Attachment C: Insurance Requirements for Consultants.

Service provider, his agents, representatives, employees and subcontractors shall maintain current and appropriate vehicle operator licenses for any vehicle operated within the scope of this Agreement.

R. The City intends that other public agencies (county, special district, public authority, public agency, school district or other political subdivision of the state of California) shall have the option to participate in any agreement created because of this Invitation for Bid. The City of Madera shall incur no financial responsibility in connection with a purchase order from another public entity. Vendor's agreement or failure to agree to the "piggyback" agreement will not be a factor in the award. This piggyback will remain available for one year from the date of the Bid award.

Check one of the following:

- i.  Agree to extend all prices, terms, and conditions of my proposal to any other public agency located in the State of California with no exceptions.

- ii.  Agree to extend all prices, terms, and conditions of my proposal to any other public agency located in the State of California with the following exceptions noted, as attached.
- iii.  The Vendor does not agree to extend pricing, terms and conditions in our Bid to any other agency.

S. All expenses associated with the preparation and submission of a proposal to the City shall be the sole financial responsibility of the proposer.

## 2. GENERAL INFORMATION

The City of Madera is requesting proposals from qualified certified public accountant firms to audit its financial statements for the three fiscal years ending June 30, 2019, June 30, 2020, and June 30, 2021 with the option of extending this agreement for two additional one-year periods. To meet the requirements of this Request for Proposals, 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 for financial audits set forth in the U. S. General Accounting Office's *Government Auditing Standards (1994)*,
3. The provisions of the Single Audit Act of 1984 (as amended in 1996),
4. The provisions of the U. S. Office of Management and Budget (OMB) Circular A-133, audits of States, Local Governments, and Non-Profit Organization, Audits of State and Local Governments,
5. Guidance for federal awards and agreements as provided in the Code of Federal Regulation (CFR)2 Part 200. Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards.
6. Any other applicable standards for conducting examinations of those items outlined in the Scope of Work and/or Reports to be issued in conjunction therewith.

The City desires a Comprehensive Annual Financial Report (CAFR) to be prepared by the independent auditor and be fully compliant with all applicable GASB statements for the fiscal year ended June 30, 2019 and each of the subsequent years, June 30, 2020 and 2021 of the audit firm's contract with the City.

## 3. SCOPE OF WORK

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

- A. The audit firm will perform an audit of all funds of the City of Madera. 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. The audit shall include at a minimum the following components:

1. The audit firm shall perform agreed-upon auditing procedures pertaining to the City's GANN Limit (Appropriations Limit) and render a letter annually to the City regarding compliance.
2. 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 City Manager.
3. The audit firm may be consulted occasionally throughout the year as an information resource. The auditors may be asked to provide guidance on implementation of GASB requirements and specifics of Federal and State regulations as they may affect local government accounting. During the term of this contract, the City will implement any and all new GASB statements that are applicable to comply with governmental financial reporting standards as established by GASB.

In addition to the task identified above the City would like to request pricing on the following optional task:

1. Prepare the financial statements for the Financing Authority, a component unit of the City.
- B. 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.
- C. The City of Madera operates a municipal golf course. On an as needed basis, the City requires the audit firm to perform a compliance review of the agreement between the City and the management company that has been retained to operate and manage the golf course.

D. Reports to be issued

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

E. 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 financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditors' understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. An "in-relation-to" report on the schedule of federal financial assistance.
5. A report on the internal control structure used in administering federal financial assistance programs (this report may be combined with report number 2).
6. A report on compliance with specific requirement applicable to major federal financial assistance programs.
7. A report on compliance with specific requirements applicable to non-major federal financial assistance programs (this report may be combined with report number 6).
8. A report on compliance with general requirements for both major and non-major federal financial assistance programs.
9. Agreed-upon procedures reports regarding verification of the Gann limit.
10. Statistical tables in accordance with GASB 44.

In the required report(s) on internal controls, the auditor shall communicate 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.

Reportable conditions that are also material weaknesses shall be identified

as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report (s) on internal controls.

The reports on compliance shall include all instances of noncompliance.

F. 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 Director of Finance.

G. Special Considerations

1. The City of Madera has determined that the United States Department of Transportation will function as the cognizant agency in accordance with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations.

2. The schedule of federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance are not to be included in the Comprehensive Annual Financial Report, but are to be issued separately.

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 seven (7) years, unless the firm is notified in writing by the City of Madera 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 Madera
- U.S. Department of Transportation
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state government or by the City of Madera as part of an audit quality review process.
- Auditors of entities of which the City is a sub-recipient of grant funds.

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.

I. Audit Schedule

The planning phase of the audit engagement may commence upon receipt of a Notice to Proceed to be issued after award by City Council and execution of a City-standard two-party agreement. The audit shall provide the City with an audit plan and a list of schedules to be prepared by City personnel prior to the beginning of fieldwork. Interim fieldwork would be expected to be performed in June with the final phase of fieldwork commencing in September.

The City will attempt to have the books closed and all agreed upon schedules available for the auditors by the second Friday in October.

In the period ending June 30, 2019 the auditor and the Director of Finance shall adopt a schedule for production of the final reports with the understanding that the dates listed below are the preferred dates for production of the reports. In all subsequent years the auditor shall have drafts of the final reports and recommendations to management available for review by the Finance Director by the following dates:

City of Madera	2 <sup>nd</sup> Friday in November
Financing Authority	2 <sup>nd</sup> Friday in November
Successor Agency to the former Madera Redevelopment Agency	2 <sup>nd</sup> Friday in November

J. Entrance Conferences, Progress Reporting and Exit Conferences

An entrance conference should be scheduled prior to beginning interim fieldwork. Progress reports are expected on at least a monthly basis to the Finance Director. An exit conference to summarize the results of fieldwork and to review significant findings is expected on the last day of fieldwork or shortly thereafter.

K. Final Reports

The Finance Department will complete their review of the draft report as expeditiously as possible. This process is not expected to exceed two weeks. During that period, the auditor should be available for any meetings that may be necessary to discuss the drafts. Once all issues for discussion are resolved, the auditor shall publish, produce and deliver to City ten (10) bound and one (1) photo ready copy of the final signed report. It is anticipated that this process will be completed and the final reports delivered by the following dates:

City of Madera	November 22
Financing Authority	November 22

**4. BACKGROUND INFORMATION**

**A. City Representative**

The auditor’s principal contact with the City will be Susan O’Haro, Acting Director of Finance or a designated representative, who will coordinate the assistance to be provided by the City to the auditor.

**B. Background Information**

The City of Madera is a general law, full service municipality located in the Central San Joaquin Valley, 30 miles north of Fresno. The City operates under the Council-Manager form of government and provides basic local governmental services including public safety, maintenance and construction of public improvements, cultural, recreation, planning, zoning and general administration. In addition, the City operates enterprises including: Water, Sewer, Waste Disposal and a General Aviation Airport.

The City has a total operating fund budget of approximately \$90 million for fiscal year ending June 30, 2019 and employs approximately 325 full-time equivalent employees.

The City is organized into approximately 17 departments and agencies. The accounting and financial reporting functions of the City are centralized.

**C. Financial Operations**

The City’s Finance Department is headed by Susan O’Haro, Acting Director of Finance and consists of 16 employees. The principal functions performed and the number of employees assigned to each are as follows:

<u>Function</u>	<u>Number of Employees</u>
Accounting	3
Audit and Budget	4
Payroll	1
Business License	1
Accounts Payable	1
Investments/Special Districts	1
Accounts Receivable	1
Cashier	8
Collections	3
Clerical	8

D. Fund Structure

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

<u>Fund type/Account Group</u>	<u>Number of Individual Funds</u>	<u>Number w/Legally Adopted Annual Budgets</u>
General Fund	5	5
Special Revenue Funds	141	141
Debt Service Funds	3	3
Capital Projects Funds	8	8
Enterprise Funds	8	8
Internal Service Funds	3	3
Private Purpose Trust Funds	1	N/A
Non-expendable Trust Funds	-	-
Pension Trust Funds	-	-
Agency Funds	1	N/A
General Fixed Assets Account	1	N/A
General Long-Term Debt Account	1	N/A

E. Federal and State Financial Assistance

During the fiscal year 2018/19 the City of Madera received the following financial assistance:

<b>Catalog of Federal Domestic Assistance \$</b>	<b>Program</b>	<b>FY 2018/19 Expenditure</b>
20.507	Federal Transit Administration	863,000
14.218	Community Development Block Grant	575,060

And several smaller Federal and State pass through awards.

F. Pension Plan

The City of Madera participates in the California Public Employees Retirement System (PERS), an agent multiple-employer plan. Actuarial services for the plan are provided by PERS.

G. Component Units

The City is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's Codification of Governmental

Accounting and Financial Reporting Standards Section 2100. Using these criteria, component units have a fiscal year end of June 30 and are to be audited as part of the City's financial statements.

The management of the City identified the following component units for inclusion in the City's financial statements:

**1. Housing Authority of the City of Madera.** The Housing Authority of the City of Madera was activated by the City Council of the City of Madera on July 3, 1985. The purpose of the Housing Authority is to respond to the need for affordable housing in Madera by providing a financing mechanism to encourage such development in the City. Additional housing services, such as operation of the Section 8 Rent Subsidy program, are carried out on behalf of the Housing Authority of the City of Madera by the Riverside County Housing Authority. The members of the City Council of the City of Madera currently serve as the Commissioners of the Housing Authority.

**2. City of Madera Financing Authority.** The City of Madera Financing Authority was created by a joint exercise of joint powers agreement between the City of Madera and the Redevelopment Agency of the City of Madera on February 1, 1991. The purpose of the Authority is to provide, through the issuance of debt, financing necessary for various capital improvements. The Authority is administered by the Board who are the members of the City Council and the Mayor. The Authority's sole source of income is installment sale, loan and lease payments received from the City and Successor Agency to the former Madera Redevelopment Agency which are used to meet the debt service requirements on debt issues.

H. Computer Systems

COMPUTER HARDWARE

Type of Equipment	Number	Networked
Multiple Servers	50 (approx.)	Yes
Personal Computers	300 (approx.)	Yes

COMPUTER SOFTWARE

Vendor	Major Applications
Tyler Munis	General Ledger, Accounts Payable, Budget, Capital Assets, Utility Billing (tentative go-live 02/18/2020)
MAIS	Utility Billing – expect to transition to Munis 02/18/2020
Executime	Payroll
TRACUM	Fleet Management

I. Availability of Comprehensive Annual Financial Reports

The Audited Financial Statements for the last three years are available on the City's website at [www.madera.gov](http://www.madera.gov). Click on "Departments", click on "Finance" and you will see the link for the Audited Financial Statements.

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

A. Finance Department Assistance

The Finance Department staff and responsible personnel will be available during the audit to assist the firm by 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.

The auditors may be responsible for pulling some files and refiling them depending on the items requested.

B. Information Technology (IT) Assistance

IT Personnel will be available to provide system's documentation and explanations. The auditor will not be provided computer time and the use of the City's computer hardware and software unless mutually agreed upon. However, various computer reports will be provided to the auditor as required.

C. Statements and Schedules to be Prepared by the Staff of the City

The City will prepare statements and schedules for the auditor as requested.

D. Work Area, Telephones, Photocopying and FAX Machines

The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying machine, and FAX machine.

Long distance telephone and/or FAX communications will be charged to the auditor.

6. **PROPOSAL CONTENT INSTRUCTIONS**

Please submit three (3) hard copies of your proposal to the City of Madera which will include; two (2) bound copies and one (1) unbound original with a copy of this RFP attached to the front of each proposal. Please keep your proposal as concise as possible. The proposal must contain the information below. To easily rate your proposal; please format your response to coordinate with the numbering system outlined below. For

example, section #1, would be your firm's Transmittal Letter, section #2 would contain the general Information about your firm and so forth.

1. Each proposal shall include a transmittal letter with the firm's address, telephone number, e-mail address. The transmittal letter should be signed by a legally authorized representative of the company, briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for fiscal years 2018-19, 2019-20, and 2020-21.

2. Each bidder should include a summary of their proposed management plan covering specifications and qualifications.

3. The proposal should present qualifications that demonstrate the bidder's ability to successfully accomplish this project.

4. The firm is required to include a summarization of the results of its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall 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 firm 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.

5. Each bidder shall provide three references. (Regarding references, bidders shall determine prior to including the references in the proposal that the references are relevant, contact information is accurate, and reference contact has agreed to provide a complete and uncensored testimony.)

6. Each bidder may, but is not required to, include additional references, resumes and any other materials deemed necessary but not provided otherwise (such as promotional literature, etc.). Note that these materials may or may not be reviewed by all evaluators and may not be part of the official evaluation except to the extent they support qualifications and experience.

7. Specific Audit Approach

The proposal should set forth a summarized work plan, including an explanation of the audit methodology to be followed, to perform the required services as described in this request for proposal. The work plan should reference such sources of information as the City of Madera budget and related materials, organizational charts, manuals and programs, and financial and other management information systems. Proposers will be

required to provide the following information on their audit approach:

- a. Proposed segmentation of 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 the engagement
- d. Approach to be taken to gain and document an understanding of the City's internal control structure
- e. Approach to be taken in determining laws and regulations that will be subject to audit test work
- f. Approach to be taken in drawing audit sample for purposes of tests of compliance

8. Identification of 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.

9. Cost Proposal

- a. Total All-Inclusive Price.

The Bid Proposal Authorization and cost schedule (forms included in this RFP as: Attachment A) shall contain all pricing information relative to performing the audit engagement as well as the other tasks defined in this RFP, for each of the three contract years as described in this request for proposal. The total all-inclusive price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the response to this RFP. Such costs shall not be included in the proposal.

A Total All-Inclusive Price for the 2018-19, 2019-20, and 2020-21 fiscal year engagements for each of the Cost Schedules shall be completed. **THE COST IS TO APPEAR IN BOTH NUMBERS AND IN WORDS.**

b. Rates for Additional Professional Services

If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included 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 the 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 cost schedule.

c. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's cost schedule proposal. Interim billing shall cover a period of not less than a calendar month. The final ten percent (10%) of the *Total All-Inclusive Price* will be paid upon delivery of the firm's final reports.

7. **EVALUATION PROCESS**

A. Review of Proposals

An evaluation team will be assembled by the City. Each evaluator will first score each proposal by each of the criteria described below. The evaluation will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite score for each firm. Ranking will be assigned based on the composite score.

B. Evaluation Criteria

Proposals will be numerically scored and ranked using the criteria and weighting described in this section. The scores assigned will reflect the extent to which criteria is fulfilled relative to other proposals. The evaluation criteria and maximum score that can be achieved for each criterion are presented as follows:

**Evaluation Criteria and Maximum Evaluation Score**

<b>Criteria</b>	<b>Maximum Evaluation Score</b>
Ability to meet the stated requirements including adequacy of proposed staffing, techniques and procedures	20
Past performance and experience with emphasis on comparable government experience	20
Conformance to terms of RFP in preparing and submitting the proposal	10
Implementation Plan	15
Cost Proposal Rates	35
<b>Total Maximum Score</b>	<b>100</b>

The City reserves the right to act in the best interest of the City and its residents and businesses, including the right to reject a proposal that is given the highest quantitative scoring in the evaluation process if the proposal is not in the best interest of its residents and businesses.

**8. NEGOTIATION**

The City of Madera shall reserve the right to negotiate any terms and conditions of the RFPs received, with the final candidate prior to acceptance/rejection of said proposals. Upon determination of the highest ranked Bidder, staff will commence negotiations with the firm that received the highest ranking. The negotiations will be conducted in accordance with City of Madera policies and procedures. When negotiations are successfully concluded, staff will present their recommendation to the City Council.

\* \* \* \* \*

Note: This entire packet should be returned with the bid.

Attachment A

CITY OF MADERA

BID PROPOSAL AUTHORIZATION  
And COST SCHEDULE

PROFESSIONAL AUDITING SERVICES

RFP NO. 201920-02

DATE \_\_\_\_\_

COMPANY NAME \_\_\_\_\_

STREET ADDRESS \_\_\_\_\_

CITY / STATE / ZIP \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

EMAIL \_\_\_\_\_

PERSON PREPARING BID \_\_\_\_\_

POSITION \_\_\_\_\_

SIGNATURE \_\_\_\_\_

COST SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDITS OF THE FY 2018-19 THROUGH 2020-21 AND PREPARATION OF  
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

	Hours	Hourly Rates	Total \$ FY 2018- 2019	Total \$ FY 2019- 2020	Total \$ FY 2020- 2021
Partners					
Managers					
Supervisory Staff					
Staff					
Other (specify)					
Total for services					
Other (specify): Estimated number of hours required from City to develop permanent file: <div style="display: flex; justify-content: flex-end; margin-right: 50px;"> <span>_____ From City Clerk's Office</span>  <span>_____ From Finance Department</span> </div>					
Total all-inclusive maximum price (3 years <u>total</u> ): \$					
Total all-inclusive maximum price (3 years <u>total</u> ) IN WORDS :					

COST SCHEDULE FOR THE SINGLE AUDIT REPORT

	Hours	Hourly Rates	Total \$ FY 2018- 2019	Total \$ FY 2019- 2020	Total \$ FY 2020- 2021
Partners					
Managers					
Supervisory Staff					
Staff					
Other (specify)					
<b>Total price for the Single Audit Report: \$</b>					
<b>Total price in WORDS:</b>					

COST SCHEDULE FOR THE PREPARATION OF THE GOLF COURSE  
COMPLIANCE REVIEW

	Hours	Hourly Rates	Total \$ FY 2018- 2019	Total \$ FY 2019- 2020	Total \$ FY 2020- 2021
Partners					
Managers					
Supervisory Staff					
Staff					
Other (specify)					
Total price for the Golf Course Compliance Review: \$					
Total price in WORDS:					

COST SCHEDULE FOR THE CITY OF MADERA FINANCING AUTHORITY AUDIT REPORT

	Hours	Hourly Rates	Total \$ FY 2018- 2019	Total \$ FY 2019- 2020	Total \$ FY 2020- 2021
Partners					
Managers					
Supervisory Staff					
Staff					
Other (specify)					
Total price for the City of Madera Financing Authority Audit Report: \$					
Total price in WORDS:					

COST SCHEDULE FOR THE CITY OF MADERA ADDITIONAL PROFESSIONAL SERVICES

Hourly  
Rates

Partners	
Managers	
Supervisory Staff	
Staff	
Other (specify)	

**AGREEMENT FOR PROFESSIONAL SERVICES**

THIS AGREEMENT FOR PROFESSIONAL AUDITING SERVICES ("Agreement"), made this \_\_\_\_\_ day of \_\_\_\_\_, 2019, by and between the City of Madera ("City") and \_\_\_\_\_, ("Service Provider");

**RECITALS**

A. City desires to retain a qualified firm to provide professional auditing services in accordance with the terms of Request for Proposal Professional Auditing Services RFP No. 201920-02 ("RFP"). The Service Provider has responded to the Request for Proposals ("RFP") to perform these needed services attached hereto as Exhibit "A" and incorporated herein as though set forth in full and as indicated in the response to RFP attached hereto as Exhibit "B" and incorporated herein as though fully set forth. The City desires to have the Service Provider perform the work in accordance with the RFP and the response thereto prepared by the Service Provider. The work to be performed in accordance with Exhibit "A" and Exhibit "B" is hereinafter referred to as "Professional Auditing Services."

B. The Service Provider represents to City that it is a firm composed of highly trained professionals and is fully qualified to conduct these services for City as described in their response to RFP and accepted as final.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, it is agreed by and between the City and the Service Provider as follows:

1. Services. The City hereby employs Service Provider to perform the Professional Auditing Services herein set forth at the compensation and upon the terms and conditions herein expressed, and Service Provider hereby agrees to perform such services for said compensation, and upon said terms and conditions City hereby authorizes Service Provider to commence work on \_\_\_\_\_, 2019. In the event of any inconsistency between the terms contained in the RFP and response thereto, the terms set forth in the main body of this Agreement shall govern.

2. Compensation. As compensation for all services of Service Provider in performance of this Agreement, City shall pay Service Provider as described herein. For the services rendered pursuant to this Agreement, Service Provider shall be compensated and reimbursed, in accordance with the schedule of fees set forth in Exhibit "A,"

A. Method of Payment. In any month in which Service Provider wishes to receive payment, Service Provider shall no later than the first working day of such month, submit to City in the form approved by City's Finance Director, an invoice for services rendered prior to the date of the invoice. Payments shall be based on the hourly rates as set forth in Exhibit "A" for authorized services performed. City shall pay Service Provider for all expenses stated thereon, which are approved by City consistent with this Agreement, within thirty (30) days of receipt of Service Provider's invoice.

3. Changes. In the event any change or changes in the Scope of Services/Work is requested by City, the parties hereto shall execute a written amendment to this Agreement, setting forth with particularity all terms of such amendment, including, but not limited to, any additional fees. An amendment may be entered into:

A. To provide for revisions or modifications to documents or other work product or work when documents or other work product or work is required by the enactment or revision of law subsequent to the preparation of any documents, other work product, or work;

B. To provide for additional services not included in this Agreement or not customarily furnished in accordance with generally accepted practice in Service Provider's profession.

Any changes to this Agreement requested by either City or Service Provider may only be effected if mutually agreed upon in writing by duly authorized representatives of the parties hereto. This Agreement shall not be modified or amended or any rights of a party to it waived except by such a writing.

4. Appropriations. This Agreement is subject to and contingent upon funds being appropriated therefore by the City Council of City for each fiscal year covered by the Agreement. If such appropriations are not made, this Agreement shall automatically terminate without penalty to City.

5. Entire Agreement. This Agreement consists of the following documents, in order of precedence, and shall be the entire agreement between parties:

This Agreement

A. City's Request for Proposal \_\_\_\_\_, dated \_\_\_\_\_, 2019

B. Service Provider's response to RFP dated \_\_\_\_\_, 2019 and all attachments thereto, by reference, included herein.

6. Term of Agreement. Unless earlier terminated in accordance with Section 12 of this Agreement, this Agreement shall continue in full force and effect for a period commencing on \_\_\_\_\_, 2019, and ending on \_\_\_\_\_, 2021, unless extended by

mutual written agreement of the parties. City and Service Provider may, upon mutual agreement of both parties, extend this Agreement for up to two (2) additional one-year terms.

7. Time for Completion. The time for completion of the services to be performed by Service Provider is an essential condition of this Agreement. Service Provider shall prosecute regularly and diligently the work of this Agreement according to the agreed upon schedule of performance set forth in Exhibit's "A" and "B." Service Provider shall not be accountable for delays in the progress of its work caused by any condition beyond its control and without the fault or negligence of Service Provider. Delays shall not entitle Service Provider to any additional compensation regardless of the party responsible for the delay.

8. Performance Schedule

A. Time of Essence. Time is of the essence in the performance of this Agreement.

B. Schedule of Performance. All services rendered pursuant to this Agreement shall be performed pursuant to the agreed upon schedule of performance set forth in Exhibit's "A" and "B." The extension of any time period must be approved in writing by the City's Finance Director.

9. Force Majeure. The time for performance of services to be rendered pursuant to this Agreement may be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of Service Provider, including, but not limited to, acts of God or of a public enemy, acts of the government, fires, earthquakes, floods, epidemic, quarantine restrictions, riots, strikes, freight embargoes, and unusually severe weather if Service Provider shall within ten (10) days of the commencement of such condition notify the Finance Director who shall thereupon ascertain the facts and the extent of any necessary delay, and extend the time for performing the services for the period of the enforced delay when and if in the Finance Director's judgment such delay is justified, and the Finance Director's determination shall be final and conclusive upon the parties to this Agreement.

10. Qualifications of Employees. The City may require dismissal from the work on this contract, employees whom it deems incompetent, careless or otherwise objectionable to the public interest.

11. Notices. Except as otherwise specifically provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party hereto, may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first class postage affixed thereto, and addressed as indicated below, and depositing said envelope in the United States mail to:

**City of Madera**

Finance Division  
205 W. 4<sup>th</sup> Street  
Madera, California 93637  
559-661-5454

**Service Provider**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

12. Termination

A. Termination for Contract Default. If at any time, in the opinion of the City Council, upon recommendation of the Finance Director, 1) Service Provider fails to conform to the requirements of this contract; 2) Service Provider seeks relief under any law for the benefit of insolvents or is adjudicated bankrupt; 3) any legal proceedings are commenced against the Service Provider which may interfere with the performance of the contract; or 4) Service Provider has failed to supply an adequate working force, or material of proper quality, or has failed in any other respect to prosecute the work with the diligence and force specified and intended in and by the terms of the contract, notice thereof in writing may be served upon him; and should he neglect or refuse to provide means for a satisfactory compliance with contract as directed by the Finance Director within fourteen (14) days from the receipt of such notice the City Council in any such case shall have the right and power, at its option and without prejudice to any other right it may have, to terminate the contract. Any excess of the cost arising there from will be charged against the Service Provider and his sureties, who will be liable thereof. In the event of such termination, all monies due the Service Provider or retained under terms of the contract shall be forfeited to the City; but such forfeiture will not release the Service Provider or this sureties from liability for failure to fulfill the contract.

B. Termination for Convenience. City reserves the right to terminate this Agreement at any time, with or without cause, upon thirty (30) days written notice to Service Provider, except that where termination is due to the fault of Service Provider and constitutes an immediate danger to health, safety, and general welfare, the period of notice shall be such shorter time as may be determined by the City. Upon receipt of the notice of termination, Service Provider shall immediately cease all services hereunder except such as may be specifically approved by the Finance Director. Service Provider shall be entitled to compensation for all services rendered prior to receipt of the notice of termination and for any services authorized by the Finance Director thereafter. Service Provider may terminate this Agreement, with or without cause, upon thirty (30) days written notice to City.

13. Assignment and Subcontracting. The Service Provider shall not assign or subcontract the work, or any part thereof, without the previous written consent of the City, nor shall He assign, by power of attorney or otherwise, any of the money payable under this contract unless written consent of the City has been obtained. No right under this

contract, no claim for money due or to become due hereunder shall be asserted against the City, or persons acting for the City, by reason of any so-called assignment of this contract or any part thereof, unless such assignment has been authorized by the written consent of the City. In case the Service Provider is permitted to assign monies due or to become due under this contract, the instrument of assignment shall contain a clause subordinating the claim of the assignee to all prior liens for services rendered or materials supplied for the performance of work.

Should any subservice provider fail to perform in a satisfactory manner the work undertaken by him, his subcontract shall be immediately terminated by the Service Provider upon notice from the City. The Service Provider shall be fully responsible and accountable to the City for the acts and omissions of his subservice providers, and of persons directly or indirectly employed by them, as he is for the acts and omissions of persons directly employed by him. Nothing contained in this contract shall create any contractual relation between any subcontract and the City.

14. Independent Contractor. Neither City nor any of its employees shall have any control over the manner, mode, or means by which Service Provider, its agents or employees, perform the services required herein, except as otherwise set forth herein. Service Provider shall perform all services required herein as an independent contractor of City and shall not be an employee of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role; however, City shall have the right to review Service Provider's work product, result, and advice. Service Provider shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City.

15. Indemnification. The Service Provider agrees to indemnify, defend and hold harmless City and its officers, employees and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation, costs and fees of litigation) of every nature arising out of or in connection with Service Provider's performance of work hereunder or its failure to comply with any of its obligations contained in the Agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the City.

16. Insurance Requirements. During the term of this Agreement, Service Provider shall maintain, keep in force and pay all premiums required to maintain and keep in force liability and property damage insurance. The limits of such policy shall be as required by the City of Madera as set forth in the Request for Proposals ("RFP") to perform these needed services attached hereto as Exhibit "A" and incorporated herein as though set forth in full and as indicated in the response to RFP attached hereto as Exhibit "B" and incorporated herein as though fully set forth.

17. Successor and Assigns. City and Service Provider each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

18. Legal Requirements and Permits. The Service Provider agrees to fully comply with all local, City, State and Federal laws, regulations and ordinances governing performance of contractual services required hereunder, and it will be the responsibility of the Service Provider to obtain any and all necessary licenses, permits and/or clearances.

19. Attorney's fees/venue. In the event that any action is brought to enforce the terms of this Agreement, the party found by the court to be in default agrees to pay reasonable attorney's fees to the successful party in an amount to be fixed by the Court. The venue for any claim being brought for breach of this Agreement shall be in Madera County.

20. Governing Law. The laws of the State of California shall govern the rights and obligations of the parties under the Agreement, including the interpretation of the Agreement. If any part of the Agreement is adjudged to be invalid or unenforceable, such invalidity shall not affect the full force and effect of the remainder of the Agreement.

21. Familiarity with Work. By executing this Agreement, Service Provider warrants that it has carefully considered how the work should be performed and fully understands the facilities, difficulties, and restrictions attending performance of the work under this Agreement.

22. Records and Reports

A. Reports. Service Provider shall periodically prepare and submit to the Finance Director such reports concerning the performance of the services required by this Agreement as the Finance Director shall require.

B. Records. Service Provider shall keep such books and records as shall be necessary to properly perform the services required by this Agreement and enable the Finance Director to evaluate the performance of such services. The Finance Director shall have full and free access to such books and records at all reasonable times, including the right to inspect, copy, audit, and make records and transcripts from such records.

C. Ownership of Documents. All drawings, specifications, reports, records, documents, and other materials prepared by Service Provider in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Finance Director or upon the termination of this Agreement, and Service Provider shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights or ownership of the documents and materials hereunder. Service Provider may retain copies of such documents for its own use. Service Provider shall have an unrestricted right to use the concepts embodied therein.

D. Release of Documents. All drawings, specifications, reports, records,

documents, and other materials prepared by Service Provider in the performance of services under this Agreement shall not be released publicly without the prior written approval of the Finance Director.

E. Cost Records. Service Provider shall maintain all books, documents, papers, employee time sheets, accounting records, and other evidence pertaining to costs incurred while performing under this Agreement and shall make such materials available at its offices at all reasonable times during the term of this Agreement and for three (3) years from the date of final payment for inspection by City and copies thereof shall be promptly furnished to City upon request.

23. Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement, which shall be interpreted to carry out the intent of the parties hereunder.

24. Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by so executing this Agreement the parties hereto are formally bound to the provisions of this Agreement.

25. Waiver. No delay or omission in the exercise of any right or remedy of a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. No consent or approval of City shall be deemed to waive or render unnecessary City's consent to or approval of any subsequent act of Service Provider. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

26. Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

27. Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct, or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain injunctive relief, a declaratory judgment, or any other remedy consistent with the purposes of this Agreement.

This agreement and the attachments and exhibits incorporated herein by reference, represents the entire agreement and understanding between the parties. Any modifications to this Agreement shall be in writing and signed by authorized representatives of the parties. One or more waivers of any term, condition or covenant by either party shall not be construed as a waiver of any other term, condition or covenant.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement at Madera, California, the day and year first above written.

CITY OF MADERA

\_\_\_\_(service provider)\_\_\_\_\_

By: \_\_\_\_\_  
 , Mayor

By: \_\_\_\_\_  
 \_\_\_\_\_(name)\_\_\_\_\_ (title)

APPROVED AS TO FORM  
City Attorney

ATTEST: \_\_\_\_\_  
 \_\_\_\_\_ City

Clerk

By: \_\_\_\_\_  
(name)

By: \_\_\_\_\_  
 \_\_\_\_\_(name)

### **Insurance Requirements for Consultants**

Without limiting Consultant's indemnification of City, and prior to commencement of Work, Consultant shall obtain, provide, and continuously maintain at its own expense during the term of the Agreement, and shall require any and all Subcontractors and Subconsultants of every Tier to obtain and maintain, policies of insurance of the type and amounts described below and in form satisfactory to the City.

#### *Minimum Scope and Limits of Insurance*

Consultant shall maintain limits no less than:

- **\$1,000,000 General Liability** (including operations, products and completed operations) per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury and property damage, including without limitation, blanket contractual liability. Coverage shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability coverage form CG 00 01. General liability policies shall be endorsed using ISO form CG 20 10 that the City and its officers, officials, employees and agents shall be additional insureds under such policies.
- **\$1,000,000 Automobile Liability** combined single limit per accident for bodily injury or property damage at least as broad as ISO Form CA 00 01 for all activities of Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles. Automobile Liability policies shall be endorsed to provide that the City and its officers, officials, employees and agents shall be additional insureds under such policies.
- **Worker's Compensation** as required by the State of California and **\$1,000,000 Employer's Liability** per accident for bodily injury or disease. Consultant shall submit to the City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of the City, its officers, agents, employees, and volunteers.
- **\$1,000,000 Professional Liability (Errors & Omissions)** per claim and in the aggregate. Consultant shall maintain professional liability insurance that insures against professional errors and omission that may be made in performing the Services to be rendered in connection with this Agreement. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement, and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this Agreement. The cost of such insurance shall be included in Consultant's bid.

#### *Maintenance of Coverage*

Consultant shall procure and maintain, for the duration of the contract, insurance

against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Work hereunder by Consultant, its agents, representatives, employees, subcontractors or subconsultants as specified in this Agreement.

*Proof of Insurance*

Consultant shall provide to the City certificates of insurance and endorsements, as required, as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsements must be approved by the City prior to commencement of performance. Current evidence of insurance shall be kept on file with the City at all times during the term of this Agreement. Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

*Acceptable Insurers*

All insurance policies shall be issued by an insurance company currently authorized by the Insurance commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and a Financial Size Category Class VII (or larger), in accordance with the latest edition of Best's Key Rating Guide.

*Waiver of Subrogation*

All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against the City, its elected or appointed officers, agents, officials, employees, and volunteers, or shall specifically allow Consultant, or others providing insurance evidence in compliance with these specifications, to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against the City and shall require similar written express waivers and insurance clauses from each of its subconsultants or subcontractors.

*Enforcement of Contract Provisions (non estoppel)*

Consultant acknowledges and agrees that any actual or alleged failure on the part of the Agency to inform Consultant of non-compliance with any requirement imposes no additional obligations on the City, nor does it waive any rights hereunder.

*Specifications not Limiting*

Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If Consultant maintains higher limits than the minimums required above, the entity shall be entitled to coverage at the higher limits maintained by Consultant.

*Notice of Cancellation*

Consultant agrees to oblige its insurance agent or broker and insurers to provide to the

City with thirty (30) calendar days notice of cancellation (except for nonpayment for which ten (10) calendar days notice is required) or nonrenewal of coverage for each required coverage.

*Self-insured Retentions*

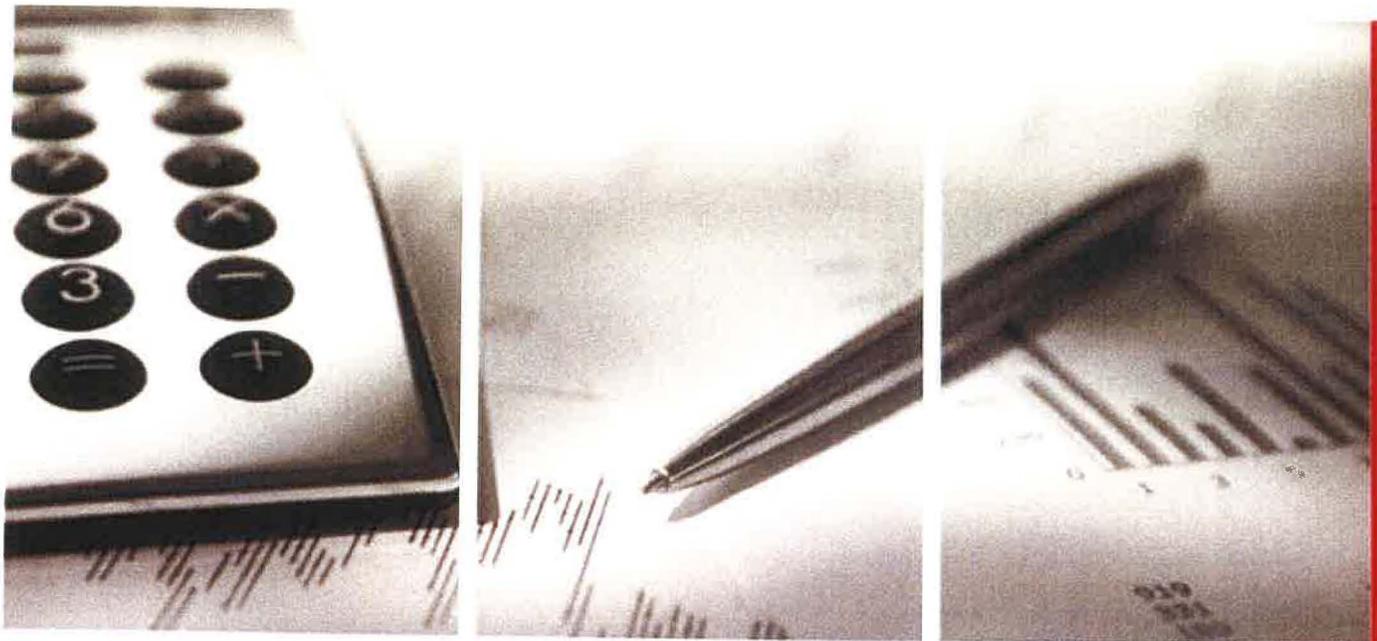
Any self-insured retentions must be declared to and approved by the City. The City reserves the right to require that self-insured retentions be eliminated, lowered or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by the City's Risk Manager.

*Timely Notice of Claims*

Consultant shall give the City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

*Additional Insurance*

Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgement may be necessary for its proper protection and prosecution of the Work.



**ORIGINAL**

# **PROPOSAL**

**CITY OF MADERA**  
MADERA, CALIFORNIA

*Proposal to Perform Professional Auditing Services*  
**RFP #201920-02**

For the Fiscal Years Ending June 30, 2019, 2020 and 2021

**AUGUST 5, 2019**

**Coley Delaney, CPA**  
Partner  
4365 Executive Drive, Suite 710, San Diego, California 92121  
**Phone:** (858) 242-5101 | **Fax:** (949) 777-8850 | **Email:** coley.delaney@pungroup.com  
California CPA License Number: PAR 7601  
Federal Identification Number: 46-4016990



# CITY OF MADERA

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## WHO WE ARE

*“Combining decades of experience, integrity, technical expertise, a commitment to hard work, and continual learning and understanding, associates at The Pun Group are leaders in their field. We work with your team to lay out clear methodology and concrete objectives, then work with you and guide you through every engagement, keeping the goals squarely in front.”*







August 5, 2019

City of Madera  
Becky McCurdy  
1030 S. Gateway Drive  
Madera, California 93637

Dear Ms. McCurdy:

Please allow us to introduce our Firm and share our qualifications and proposed audit plan for the City of Madera (the "City") pursuant to your Request for Proposal for Professional Auditing Services for the Fiscal Years Ending June 30, 2019, 2020 and 2021. The Pun Group, LLP (the "Firm"), has the knowledge and experience necessary to become the City's next public accounting firm, and the work plan to ensure a smooth audit process.

This letter is an acknowledgment of the Firm's understanding of the work to be performed. We hereby offer our commitment to deliver all of the required work, complete the audit, and issue the necessary auditor's reports within the time periods outlined by the City.

The Pun Group is the right choice for the City because:

**Strong Presence in California.** The Pun Group is reputable for its government and nonprofit practice in California. Currently, we are the principal auditors for cities and towns such as Town of Danville, City of Clovis, City of Gustine, City of Lodi, City of Placerville, City of Redding, City of San Bernardino, City of Stockton, and several others. Accordingly, we have a deep understanding of the current demographic and the economic environment, and the local laws and regulations.

**Recognized Leader in the Governmental Industry.** The Pun Group is a proven leader in professional services to the government sector. Currently, The Pun Group is the firm of choice for 40 cities, 45 special districts, 5 transportation agencies, and 10 medical centers throughout California. Since 2012, both bankrupted cities, Stockton and San Bernardino, selected The Pun Group as their primary auditor because we had the capacity, knowledge, and experience to assist them in auditing their complicated transactions. As a result, our engagement team was able to catch up and complete their long overdue audits within a short timeframe. We would credit part of our success to our professional's participation with various professional organizations, bringing to our clients unparalleled knowledge of regulatory agencies and standard setters such as AICPA, FASB, GASB, GAO, ASCPA, CalCPA, GFOA, League of California Cities, among many others. Such experience is critical to address emerging accounting and auditing issues within the government environment.

**Mr. Gary Caporicci** (GASB Implementation Specialist) was the Conference Chair and Speaker at the CalCPA **Governmental Accounting & Auditing Conference** on May 7<sup>th</sup>, 2019. **Mr. Kenneth Pun** (Concurrent Partner) was part of the Planning Committee and a Speaker at the aforementioned conference.

**Experience with Implementation of New GASB Standards and Audit of Pension Plans.** Our GASB Implementation and Pension Specialist, Mr. Gary Caporicci, has provided audit services of pension plans for the City of Oakland (CA), City and County of San Francisco (CA), City of San Diego (CA), City of Houston (TX), and others. **Mr. Caporicci is a leading expert and has authored and taught the courses for the CalCPA and AICPA on GASB 68, Accounting and Financial Reporting for Pensions and on GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.**

4365 Executive Drive, Suite 710, San Diego, California 92121

Tel: 858-242-5100 • Fax: 858-242-5150

[www.pungroup.com](http://www.pungroup.com)

# CITY OF MADERA

## Letter of Transmittal

**Our Commitment to Quality.** The Firm is committed to providing piece of mind to our clients by providing the highest quality of professional services. The Firm is a member of the AICPA Governmental Audit Quality Center and has demonstrated our commitment to audit quality, including those performed under *Government Auditing Standards* and the Uniform Guidance. In addition, we are a recipient of the Single Audit Resource Center's Award for Excellence for 2017. This award is based on the positive feedback results from our clients in an independent survey, demonstrating our Firm's highest commitment to quality and client satisfaction. To further enhance our performance and quality, the Firm continually invests substantial resources in human capital and technology, incorporating the use of *Artificial Intelligence* technology into our audit process.

We understand that changing audit firms is not without its challenges. We value those relationships as well and therefore understand that it's important to have frequent communication and get up to speed quickly and efficiently. Our goal is to complete the audit in a way where we minimize disruptions to the City's daily operations. To accomplish this, we will:

- Develop a solid familiarity with the City's activities and processes.
- Create a detailed audit plan during the initial stages of the audit.
- Maintain on-going open lines of communication between the Engagement Team and the City's Management.
- Assign duties to staff members that are qualified and experienced.

This method ensures that the audit process will be performed steadily, progress communicated clearly, and work completed efficiently.

The Firm and all key engagement team professionals are licensed by the State of California to practice as Certified Public Accountants, and meet the Continuing Professional Education requirements under U.S. GAO's Government Auditing Standards to perform the proposed audits. The engagement partner and any employees proposed to be assigned to the audit do not have a record of substandard audit work nor have any outstanding claim of substandard work or unsatisfactory performance pending with the State Board of Accountancy or other professional organizations.

**The Firm is an Equal Opportunity Employer and complies with all Federal and State hiring requirements.**

This proposal is a firm and irrevocable offer valid for 90 days from the date of its submittal.

We hereby acknowledge the receipt of the Q&A dated July 19<sup>th</sup>, 2019.

In regards of the "piggyback" agreement, we would like to select the following: *"The Vendor does not agree to extend pricing, terms and conditions in our Bid to any other agency."*

I will serve as your primary contact for contract negotiations and stand steadfast to serve as your engagement partner. I am the managing partner and have been authorized to legally bind the Firm. Should you have any questions or wish to discuss this proposal, please do not hesitate to contact me at (858) 242-5101 or by email at [coley.delaney@punngroup.com](mailto:coley.delaney@punngroup.com).

Thank you, and we look forward to the opportunity of keeping your trust and business.



Coley Delaney, CPA  
Partner  
The Pun Group, LLP

# EXECUTIVE SUMMARY

*“With more than 100 years of combined experience in the government and public agency space, we have become a trusted partner for jurisdictions throughout the western United States. The Pun Group provides strategic audit, accounting and consulting solutions that facilitate more informed decision-making by elected officials and staff.”*



THE  
PUN GROUP  
ACCOUNTANTS & ADVISORS

# CITY OF MADERA

## Executive Summary

### Independence

The Pun Group, LLP (the "Firm") requires all employees to adhere to strict independence standards in relation to the Firm's clients. These independence standards exceed, in many instances, the standards promulgated by the American Institute of Certified Public Accountants (AICPA).

The Pun Group, LLP certifies that it is independent of the City of Madera (the "City") and its components units. The Firm meets independence requirements defined by the United States Government Accountability Office's (U.S. GAO's) Government Auditing Standards, and the American Institute of Certified Public Accountants (AICPA).

The Firm will give the City of Madera written notice of any professional relationships entered into during the period of the agreement.

### License to Practice in California

The Firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants, and meet the Continuing Professional Education requirements under U.S. GAO's Government Auditing Standards to perform the proposed audits.

Upon award, the Firm will obtain a valid Business License with the City of Madera.



### Business Certificate

If awarded the contract, The Pun Group, LLP will obtain/possess a valid City of Madera Business License while conducting any work under this engagement.

### Insurance

If awarded the contract, the Firm will maintain the minimum insurance requirements, during the entire term of their engagement. Within 15 days from the execution of the Agreement, the Firm will furnish the City satisfactory evidence of the insurance requirement and evidence that each carrier is required to give at least 30 days prior written notice of the cancellation of any policy during the effective period of the Agreement. The City will be named as an additional named insured under the Firm's policies as noted in the Agreement.

# CITY OF MADERA

## Executive Summary

### Firm Qualifications and Experience

The Pun Group, LLP, Certified Public Accountants and Business Advisors, founded in 2012, is a limited liability partnership. We are a full-service accounting firm comprised of forty (40) professionals providing auditing, accounting, and advisory services to our clients. Our Governmental Division comprises of thirty-five (35) full-time individuals. The Firm has no part-time employees.

The Firm's headquarter is located in Orange County, California with four branches in San Diego (California), Walnut Creek (California), Las Vegas (Nevada), and Phoenix (Arizona).

The combination of our hands-on experience and practical knowledge exercised by our audit professionals makes the Firm unique in our field. Our technical expertise and thorough understanding of current regulations and issues—along with the Firm's commitment to hard work, integrity, and teamwork on every engagement—enable us to help our clients succeed.

Our Partners' Group—which includes Kenneth H. Pun, Coley Delaney, Frances J. Kuo, John F. Georger, Jr., Gary M. Caporicci, Vanessa Burke, and Heidi K. Chow—provide auditing, accounting, and advisory services to numerous governmental entities throughout the United States. With more than one hundred (100) years of combined experience in the industry, we have become a trusted business partner, and are well-respected as leaders in the industry in one of the fastest growing firms. With nearly 100 government and not-for-profit audit clients and Partners who have a real passion for the industry, we believe we are unmatched regarding expertise.

All of our partners actively participate in industry associations focused on state and local governments. By participating in industry associations and activities, we are always up to date on the latest industry changes and the impact they will have on your operations. We will keep you, and our colleagues in the Firm, fully informed of these developments. Our team is committed to bringing the full breadth and depth of our expertise to the audit of the City offering outstanding value to you and your stakeholders. Our Managing Partner has published several thought leadership articles in the California State Municipal Finance Office magazine on auditing and other relevant topics.

*A team of experienced accountants and financial professionals, The Pun Group, LLP seeks to provide dependable, tailored service to businesses across a wide spectrum.*

Our San Diego office, located at 4365 Executive Drive, Suite 710, San Diego, California 92121 will perform the requested services for the City of Madera. However, we may assign additional staff from our other offices to the engagement, at no additional cost to the City of Madera.

While many accounting Firms can perform an audit, not all can build an excellent working relationship with their clients. The Pun Group, LLP prides itself on developing lasting, personal relationships with our clients. Our hands-on partner involvement and low personnel turnover are crucial tools to our success and highly beneficial to the City.

#### ***Affiliation with Allinial Global (Global Capabilities)***



The Pun Group, LLP is an independent member of Allinial Global, an association of over 100 independent accounting and consulting firms. Based in North America, Allinial Global offers international support by connecting its member firms to providers and global networks of accounting firms worldwide.

#### ***Memberships***

The Pun Group, LLP is a member of the following professional organizations:

- America Institute of Certified Public Accountants (AICPA)
- AICPA Government Audit Quality Center (GAQC)
- AICPA Employee Benefit Plan Audit Quality Center (EBPAQC)
- AICPA Private Companies Practice Section (PCPS)
- California Society of Certified Public Accountants (CalCPA)

# CITY OF MADERA

## Executive Summary

### Our Services

Our partners and seasoned professionals are always available, guiding clients through their periods of rapid growth as well as the difficult times. And we're able to do that by offering a portfolio of accounting services that is as diverse as the jurisdictions and agencies themselves. The Pun Group, LLP has successfully provided professional auditing, accounting, financial reporting and management advisory/consulting services to a broad spectrum of governmental entities.



#### ASSURANCE

- Financial statement audits
- Compliance audits
- Performance audits
- Internal audits
- Service organization controls audits



#### ADVISORY

- Operational reviews/risk advisory services
- Forensic investigation
- Financial condition analysis
- Organizational structure review
- Cash flow analysis
- Debt restructuring consultation
- Litigation support and expert witness services



#### OTHER SERVICES

- Assistance with the preparation and review of the Comprehensive Annual Financial Report (CAFR)
- Government property lease excise tax compliance review
- Subrecipient monitoring
- Implementation of new GASB pronouncements
- Audit readiness services
- Contract Finance Director / Accountant services

### New Service – Introducing Cannabis Compliance Services

In November 2016, California passed Proposition 64, the California Marijuana Legalization Initiative, also known as Adult Use of Marijuana Act. Proposition 64 legalized the recreational use of marijuana for adults aged 21 years or older, permitting use in a private home or at a business licensed for on-site marijuana consumption. It opens the door to commercial sales of marijuana. Many cities are now authorizing commercial cannabis to operate within their local jurisdiction. Compliance issues are common in California's newly regulated cannabis industry, which is no surprise given the complexity of the state's regulatory landscape.

The Pun Group, LLP has developed a platform to guide government agencies and commercial enterprises through the new and challenging steps in this emerging market. We have partnered with *Simplifya*, who has developed a cloud-based government agency / licensee compliance solution. *Simplifya*, headquartered in Denver, Colorado and at the forefront since legalization in Colorado, has been an industry leader in commercial cannabis compliance since 2016. This new software allows government agencies to monitor its licensees at every stage of the approval process. From initial licensing to renewal and continuing disclosure requirements. Your communities demand that these new cannabis businesses are operating based on the ordinances that you have passed. We can help ensure businesses are working in compliance and when they are not, you're notified.



The Pun Group, LLP has proven itself as a leader in the assurance and advisory field in the government arena. With the addition of *Simplifya* to our service offering, we have strengthened our position as a leading firm to help with your agencies' compliance needs and in unconventional areas, as they emerge.

# CITY OF MADERA

## Executive Summary

### Staff Consistency

The Firm is committed to maintaining staff continuity throughout audit engagements. While we cannot guarantee that our staff members will stay with the Firm, we encourage loyalty by paying competitive wages, offering opportunities for promotion, using state-of-the-art equipment, and providing excellent working conditions. We also offer benefits including retirement plans, medical plans, profit-sharing programs, and continuing education. The Firm is an equal-opportunity employer and complies with all federal and state hiring requirements. The Firm also supports affirmative-action philosophies and works hard to provide opportunities for self-enhancement to members of disadvantaged groups.

We guarantee that the partners assigned to this audit will be involved throughout the entire engagement term, and that assigned staff members will return to the City in future years if they are still with the firm. One of our primary audit concerns is staff continuity, and our hands-on partner involvement ensures that qualified and experienced professionals will perform audits efficiently and effectively every year of the engagement.

### Local Office's Information Technology (IT) Audit Capabilities

The Pun Group, LLP continues our efforts in investing in our IT system to further enhance our security and promote audit efficiency.

**Top security for your data is the key to our success.** When we have your data virtualized, our Firm take all the preventive steps to avoid putting your information at risk. Our In-House IT administrator maintains our server to ensure our IT environment is being constantly updated with the latest security fixes. Through VPN and Microsoft Remote Desktop, our In-House network administrator can lockdown files and system access from a single point, limiting the ability for remote sites to take data from our server.

**Access to systems from anywhere and anytime.** With more mobility being the norm rather than the exception, our engagement team needs robust access to the engagement files when they are working in your office. Accounting and Auditing Software applications are installed in our "Private" server and can be securely accessed through VPN and Microsoft Remote Desktop. The Firm uses CCH ProSystem fx® Engagement for audit documentation, which allows real-time synchronization of the work papers and instant collaboration quality control review.

**Secure Data File Transfer System.** In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called Suralink. Suralink's dynamic request list is integrated with our secure file hosting system for seamless document-request coordination. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. You, as a client, no longer have to manually maintain a spreadsheet amongst several people only to repeat the process in a day or two. Not only makes the operation more cost-efficient, it enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. The Suralink dashboard, as shown below, allows you to visualize the process of the document-request fulfilment.





# CITY OF MADERA

## Executive Summary



California Society of CPAs  
1850 Lytleway Dr., Ste. 202  
San Mateo, CA 94404

February 4, 2016

Kenneth Hing-Kwong Pun  
The Pun Group LLP  
200 E Sandpointe Ave  
Suite 600  
Santa Ana, CA 92707

Dear Mr. Pun:

It is my pleasure to notify you that on January 27, 2016 the California Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is June 30, 2018. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Linda McCrone, CPA  
Director, Peer Review Program

cc: John Lerias

Firm Number: 8192426      Review Number 372240



T: (650) 522-3094 | F: (650) 522-3080 | [peerreview@calcpa.org](http://peerreview@calcpa.org)

### **Federal or State Desk Review**

No federal or state desk reviews or field reviews have been undertaken of any audits performed by the Firm or any of its partners, managers, or professionals during the past three (3) years.

### **Disciplinary Action**

No disciplinary action has been taken by state regulatory bodies or professional organizations against the Firm or any of its partners, managers, or professionals during the past three (3) years.

The Firm has no conditions such as bankruptcy, pending litigations, planned office closures, mergers or any organizational conflict of interest that may affect the ability of the Firm to perform the required duties requested by the City of Madera.

## OUR PROFESSIONALS

*“Our team of partners and professional personnel provide stability for our clients. Working with the same team year after year provides significant strategic benefit, and allows for the growth of our relationship. All of our partners draw on years of experience, and practice our corporate philosophy in all interactions.”*

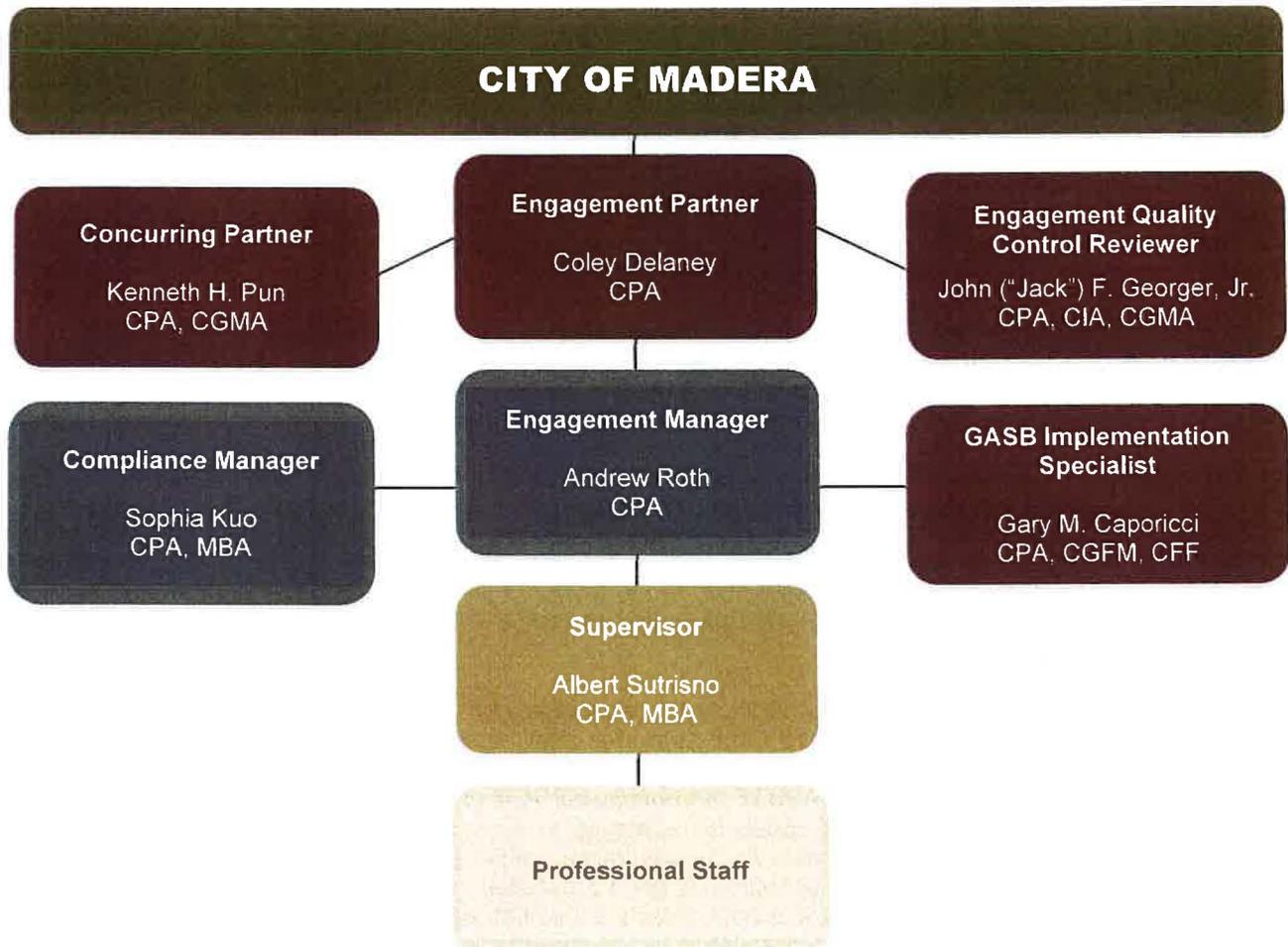


# CITY OF MADERA

## Our Professionals

### Partner, Supervisory and Staff Qualifications and Experience

The Engagement Team is carefully chosen to provide the City with all the services needed to successfully complete the audit. The Engagement and Concurring Partners are personally involved in the audit, and the Engagement Team has significant experience in governmental auditing. Our broad experience and technical capabilities allow us to provide technical support, interpret findings, and offer effective solutions to any issues that may arise.



The personnel assigned to this engagement are fully qualified to perform an effective audit of the City, and their extensive experience will be critical to the audit process. Our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to, all GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly known as OMB Circular A-133), and fund operations. They have held positions as professional certified public accountants but have also held significant roles within and outside of government agencies bringing to an agency the size of the City of Madera the thought leadership, quality and level of experience you require.

# CITY OF MADERA

## Our Professionals

### **Coley Delaney, CPA** | Engagement Partner

Coley Delaney is an Assurance Services Partner who has extensive experience in providing audit and advisory services to federal, state and local government agencies including transportation agencies, state departments, cities, community colleges, hospitals, school districts, county offices of education, special districts, and joint powers authorities. Mr. Delaney brings a wealth of experience from his background in audits services in areas such as internal controls, policy development, revenue enhancement strategies, strategic planning, organization development and design, budgeting, evaluation and assessment of long-term obligations, debt financing and refinancing, fiscal restructuring and bankruptcy for municipalities. Mr. Delaney will actively act as the Engagement Partner with the assigned task of directly overseeing the Engagement Team, engagement planning and fieldwork, review for quality, and approve work papers and reports. Coley will be responsible for the timely delivery of all services for the City of Madera.

### **Kenneth H. Pun, CPA, CGMA** | Concurring Partner

With over eighteen years of public accounting experience in the State and Local Government sector, Mr. Pun is the Managing Partner and an Assurance Partner at the Firm. Mr. Pun specializes in audits and management consulting for governmental organizations and has served as the Contract Deputy Finance Director for the City of San Marino in 2017. Mr. Pun also serves as the Chair of the California Society of CPAs Governmental Auditing Accounting Committee. Ken will act as the Concurring Partner and provide second partner review of significant high-risk areas, audit reports, and in resolution of significant accounting, auditing, and reporting matters.

### **John (“Jack”) F. Georger, Jr., CPA, CIA, CGMA** | Engagement Quality Control Reviewer

Throughout his forty years of experience, Mr. Georger has spent many years in Big 4 and national firms and worked diligently alongside numerous governmental municipalities, including cities, counties, and transportation agencies, as well as not-for-profit entities, providing clients with financial and compliance auditing as well as consultation services. Mr. Georger annually instructs over 300 hours in accounting and auditing subjects and has authored training material in governmental accounting and auditing for the AICPA. Mr. Georger is also the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB) and Governmental GAAP Guide (GASB), the gold-standard for audit firms throughout the United States. As the Chief Quality Officer in our Firm, he advises clients with their complex accounting questions, and supports the engagement team with audit issues. Mr. Georger is responsible for the review of all reports issued by the Firm to ensure the utmost quality and compliance with professional standards. Mr. Georger is responsible for the final quality-control review within the engagement.

### **Gary M. Caporicci, CPA, CGFM, CFF** | GASB Implementation Specialist

Gary Caporicci is an appointed member of the State Controller’s Retirement Advisory Committee. Mr. Caporicci is a leading expert and has authored and taught the courses for the CalCPA and AICPA on GASB 68, *Accounting and Financial Reporting for Pensions* and on GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Mr. Caporicci will utilize his expertise in providing advice and consultation during the implementation of the new GASB standards. As an assurance partner with over forty years of experience, Mr. Caporicci has provided financial and compliance audit and consultation services to governmental clients including cities, counties, transportation agencies, and school districts, as well as various not-for-profit entities. Mr. Caporicci will be responsible in providing advice and consultation for the implementation of new accounting standards.

### **Andrew Roth, CPA** | Engagement Manager

Andrew Roth is an Assurance Services Manager in the Firm whose extensive auditing experience includes cities, counties, special districts, and not-for-profit entities. He will work closely with the Assurance partners directing and supervising the audit team in its daily activities and tasks. Andrew will serve as the primary point of contact for your team and will work to ensure the audit is conducted within the deadlines and will provide updates on our team’s progress to the partners’ and to you.

### **Sophia Kuo, CPA** | Compliance Manager

Sophia Kuo holds his Advanced Certification in Single Audits through the AICPA, and years of experience auditing cities, counties, special districts, and not-for-profit entities. Mr. Kuo will serve as the Compliance Manager, directing the audit team in all compliance-related matters including the Uniform Guidance and Single Audit, and reports issued under specific laws and regulations.

# CITY OF MADERA

## *Our Professionals*

### **Albert Sutrisno, CPA, MBA | Supervisor**

Albert will work with the audit staff and the City of Madera personnel to create a seamless transition during the auditing process, and will secure the effective implementation of the audit approach.

### **Professional Staff**

All governmental-audit members are qualified to perform financial and compliance audits of governmental agencies. This ensures that the staff quality will be consistent throughout the engagement term. Because we support both staff development and engagement continuity, we encourage senior and staff accountants to take increased responsibilities on their previous engagements as they advance professionally.

We commit to you if the City wishes to extend the annual contract beyond the proposed years, the Firm will accommodate requests by the City to rotate partners, managers and or supervisors assigned to the City's audit with personnel with similar or higher qualifications and experience.

If the Firm changes key personnel, we will provide the City with a written notification. Engagement personnel will only be changed with the express prior written permission from the City. Audit personnel may be replaced only by those with similar or better qualifications and experience.

### ***Engagement Team Resumes***

The City of Madera deserves experienced professionals who work as a team. The Pun Group, LLP will provide qualified professionals to perform the audit. Resumes for key Engagement Team members follow.

# CITY OF MADERA

## Our Professionals

### Coley Delaney, CPA Engagement Partner



#### EXPERIENCE

Coley Delaney is a Partner within The Pun Group, LLP's Assurance division. In his fifteen (15) years of accounting and auditing experience, Coley has worked with governmental agencies, not-for-profit entities, and private for-profit entities. He specializes in conducting financial audits under GAO Yellow Book standards and compliance audits in accordance with Uniform Guidance (formerly known as OMB Circular A-133).

Mr. Delaney has performed audits and other attestation services for several governmental agencies throughout California including cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts, and he has helped them publish their Comprehensive Annual Financial Reports in compliance with GASB Statement No. 34.

Mr. Delaney develops training materials and shares his expertise internally with other Firm professionals. Coley is a frequent speaker at in-house seminars on topics related to government auditing standards and Single Audits.

#### EDUCATION

BA Degree Business Economics, Emphasis in Accounting from the **University of California, Santa Barbara**.

#### LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

#### RELEVANT EXPERIENCE

- City of Stockton
- City of San Bernardino
- City of Escondido
- San Diego Metropolitan Transit System
- North County Transit District
- City of Clovis
- City of Encinitas
- City of Calexico
- Ventura County Transportation Commission
- San Diego Association of Governments

#### CONTINUING PROFESSIONAL EDUCATION

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met the current CPE educational requirements to perform audits of governmental agencies.



#### EMAIL

[coley.delaney@pungroup.com](mailto:coley.delaney@pungroup.com)



#### WEBSITE

[www.pungroup.com](http://www.pungroup.com)

Licensed by the State of California

# CITY OF MADERA

Our Professionals

## Kenneth H. Pun, CPA, CGMA Concurring Partner



**EMAIL**  
ken.pun@pungroup.com



**WEBSITE**  
www.pungroup.com

Licensed by the State of California

### EXPERIENCE

Kenneth H. Pun is the Managing Partner and an Assurance Partner at The Pun Group, LLP, which he founded in 2012 after serving in senior-level positions for well-established national and regional firms. Under his leadership, The Pun Group has become one of the fastest growing in the region, currently ranking among the top 40, according to the Orange County Business Journal. Prior to founding The Pun Group, Ken has served clients in a variety of industries, including small to large state and local governmental agencies, insurance companies, not-for-profits, healthcare, technology and manufacturing and distribution clients. His career in public accounting was spent primarily with the Regional firms and National firms.

Leveraging more than 18 years of public accounting experience, Ken has earned a reputation of being a trusted advisor to governmental and Healthcare organizations throughout California and neighboring states. Municipalities and public agencies engage him because of his premier level of client service, commitment, and innovative methods of increasing operational efficiencies and reducing costs.

Ken maintains his deep commitment to professional education through his work as an instructor for CalCPA's Education Foundation. There, he teaches courses related to audits and quality control in local and state government. He also advises clients on those topics at influential industry forums. Internally, Ken mentors audit teams by providing direction and technical guidance to ensure adherence to the firm's quality controls.

### EDUCATION

BS Degree in Business Administration, Emphasis in Accounting from the **University of California, Riverside**

### LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Chair, CalCPA Governmental Accounting and Auditing Committee
- Member, CalCPA Governmental Accounting and Auditing Conference Planning Committee
- Member, Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Speaker, CSMFO Conference (2014)
- Instructor, CalCPA Fall Series (2014) – Long Beach and Orange County Chapter

### RELEVANT EXPERIENCE

- City of Cerritos
- City of Gardena
- City of Huntington Park
- City of Lakewood
- City of San Bernardino
- City of Culver City
- City of Hermosa Beach
- City of Industry
- City of National City
- City of Stockton

### CONTINUING PROFESSIONAL EDUCATION

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met the current CPE educational requirements to perform audits of governmental agencies.

# CITY OF MADERA

## Our Professionals

Kenneth H. Pun, CPA\*, CGMA  
Engagement Partner

### OTHER RELEVANT EXPERIENCE

**City of Desert Hot Springs** | During the year ended June 30, 2013, the City entered into a very complicated financial arrangement, New Market Tax Credit financing, for the construction of the Desert Hot Springs Health and Wellness Center. Our firm has guided the City in addressing complex accounting issues and helped to draft the stand-alone financial statements to fulfill the additional reporting requirements under the New Market Tax Credit financing.

**City of Stockton** | The City of Stockton filed a petition for Chapter 9 bankruptcy protection with the United States Bankruptcy Court on June 28, 2012, the largest municipal bankruptcy at the time. The Firm was engaged as audit liaison and advisor in 2012 for the City's 2011 audit. The City also hired the Firm to help to draft the Comprehensive Annual Financial Report following U.S. GAAP and in compliance with GFOA guidelines for the certificate of achievement for excellence in financial reporting program.

With the superb services provided, the City of Stockton also engaged the Firm to provide audit service for the years ending June 30, 2012, through 2015 due to the early termination of the contract from its predecessor firm. Mr. Kenneth H. Pun has been assigned as the engagement partner who facilitated the audit process since then. The engagement team completed the audit and issued the audit reports for the year ended June 30, 2012, and 2013 within the one-year timeframe.

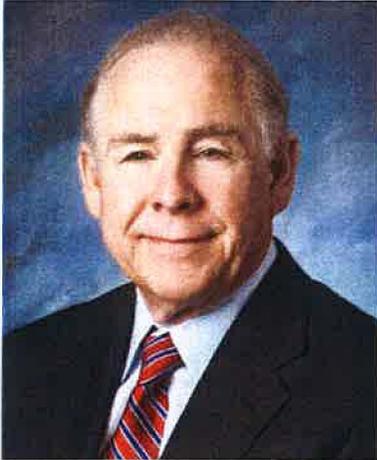
**San Diego Metropolitan Transit System ("MTS")** | On January 1, 2003, California Senate Bill 1703 (SB 1703) became effective. SB 1703 required the consolidation of the planning and programming functions of MTS and the North County Transit District (NCTD) into the San Diego Association of Governments (SANDAG) in an initial transfer to take place before July 1, 2003. SB 1703 also required the consolidation of specific project development and construction functions of MTS and NCTD into SANDAG in a subsequent transfer to take place before January 30, 2004. The initial transfer occurred on July 1, 2003, and the subsequent transfer occurred on October 13, 2003. With these actions, employees were transferred from MTS and NCTD to SANDAG, as well as specific planning, development, and construction functions.

After the enactment of SB 1703, Mr. Kenneth H. Pun was able to convert the MTS financial model from the general-purpose government to stand-alone business-type activities government under GASB Statement No. 34 in 2007. By doing so, MTS has significantly improved their financial reporting.

# CITY OF MADERA

## Our Professionals

### John F. Georger, Jr., CPA, CIA, CGMA Engagement Quality Control Reviewer



#### EXPERIENCE

Jack Georger is the Chief Quality Officer within The Pun Group, LLP's Assurance division. By leveraging more than forty (40) years of public accounting and auditing experience in the government, agribusiness, financial services, manufacturing and non-profit sectors, Mr. Georger brings an in-depth knowledge and practical expertise to each client engagement.

Jack coordinates, plans, and manages financial audit activities, consulting activities, federal and state compliance audit activities, performance audits and numerous quality control and internal control reviews for a broad mix of governmental agencies and programs throughout the United States.

Mr. Georger leads our Peer Review department providing peer review services to other firms under the practice monitoring program of the AICPA.

Mr. Georger is a continuing professional education course instructor for the AICPA. Annually, he instructs over 300 hours in accounting and auditing subjects. He has authored training material in governmental accounting and auditing for the AICPA and is the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB) and Governmental GAAP Guide (GASB).

Mr. Georger is licensed to practice as a certified public accountant in the states of California, New York, Virginia, Maryland, District of Columbia, Missouri (inactive), Connecticut (inactive), and Wyoming (inactive), and is a Certified Internal Auditor (CIA).

#### EDUCATION

Bachelor of Science, **George Mason University Fairfax**, Virginia

#### LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Institute of Internal Auditors
- Member, California Society of Certified Public Accountants (CalCPA)
- Member, New York Society of Certified Public Accountants (NYSSCPA)
- Chairman, NYSSCPA Government Accounting and Auditing Committee
- Member, NYSSCPA Auditing Standards Committee
- Member, NYSSCPA Sustainability Committee
- Member, NYSSCPA Not-for-Profit Committee
- Nevada Society of Certified Public Accountants (NSCPA)
- Member, Government Finance Officers Association (GFOA) – CAFR Reviewer
- Member, Institute of Internal Auditors

#### CONTINUING PROFESSIONAL EDUCATION

Instructor of over 300 hours of municipal accounting courses offered by the AICPA. Has met the current CPE educational requirements to perform audits of governmental agencies.



#### EMAIL

jack.georger@pungroup.com



#### WEBSITE

www.pungroup.com

*Licensed by the State of California, New York, Virginia, Maryland, District of Columbia, Missouri (inactive), Connecticut (inactive), and Wyoming (inactive)*

# CITY OF MADERA

## Our Professionals

### Gary M. Caporicci, CPA, CGFM, CFF GASB Implementation Specialist



#### EMAIL

[gary.caporicci@pungroup.com](mailto:gary.caporicci@pungroup.com)



#### WEBSITE

[www.pungroup.com](http://www.pungroup.com)

Licensed by the State of California

#### EXPERIENCE

Gary M. Caporicci has more than forty years of diversified business experience, including a specialization in audit and management consulting for government organizations. Gary's clients include public and private universities and colleges, city and county governments, state agencies, joint power authorities, healthcare agencies, transportation agencies, and special districts. Known for his expertise in the areas of construction and government, Gary wrote the AICPA audit guides on these topics, and he has authored many audit and accounting courses for professional groups, as well as academic institutions. He frequently speaks and lectures at many professional organizations, governmental seminars, and conferences held by industry associations, other accounting firms, and universities. In addition, he authors white papers for the California Committee on Municipal Accounting.

Prior to working with the Firm, Gary founded his own accounting practice. He also spent eleven years with a "Big Eight" professional services firm, where he was an Audit Manager and gained broad experience in a wide range of industries such as government, construction, manufacturing, mutual funds, and insurance. Prior to that, Gary held a consultant position with a "Big Four" practice and was Vice President of a national insurance and financial services company.

In 2015 Gary Caporicci was appointed to the State Retirement Advisory Committee by the State Controller.

#### EDUCATION

BS Degree in Accounting and Finance from the **Armstrong University**

#### LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Author and Instructor, California Society of Certified Public Accountants (CalCPA)
- Past Chair, CalCPA Governmental Accounting and Auditing Committee
- Chair and Speaker, CalCPA Governmental Accounting and Auditing State Conferences
- Member, CalCPA Council
- Chair, California Committee on Municipal Accounting (CCMA)
- Member, Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Governmental Accounting Standards Board (GASB)
- Member, Deposit and Investment Risks Disclosure Task Force (GASB No. 40)
- National Reviewer and Speaker, Government Finance Officers Association
- Adjunct Professor, National University
- Past Member, Texas Governmental Accounting and Auditing Committee
- GFOA Certificate for Excellence in Financial Reporting – Reviewer

#### CONTINUING PROFESSIONAL EDUCATION

Author and instructor of various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met the current CPE educational requirements to perform audits of governmental agencies.

# CITY OF MADERA

Our Professionals

Andrew Roth, CPA  
Engagement Manager



## EXPERIENCE

Andrew Roth is a Senior Manager within The Pun Group, LLP. He has more than twelve years of governmental and not-for-profit experience in the areas of financial audit and reporting under governmental and financial accounting standards, evaluation of internal controls under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework, performance of Single Audits under the Uniform Guidance, subrecipient monitoring of Federal Grants, corporate financial reporting, data analytics and exempt taxation. His client portfolio consists of moderate to large municipalities (cities and counties), municipal transportation districts, water districts, municipal electric utilities, and not-for-profit organization whose missions involve building communities. His governmental agency clients have federal grant expenditures that range from \$100 million to \$750 million annually.

In various engagements, Mr. Roth has been responsible for leading the service delivery where he has actively contributed and managed the planning process, implementation of the audit work plan, supervision of multiple audit teams, provided yearly team updates on the changes in compliance testing requirements for the Single Audits, and preparation of all deliverables including the Comprehensive Annual Financial Reports, the Single Audit, Compliance Reports, Data Collection Forms, and City Council/Board presentations. He has also been a guest speaker on topics involving Federal grants such as Update to Yellow Book Standards, Compliance Auditing, and Updates to the Uniform Guidance Procurement Requirements.

## EDUCATION

BA Degree in Accounting from the **San Diego State University**, California.



### EMAIL

[andrew.roth@pungroup.com](mailto:andrew.roth@pungroup.com)



### WEBSITE

[www.pungroup.com](http://www.pungroup.com)

## LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

## RELEVANT EXPERIENCE

- City of Stockton
- City of Redding
- City of National City
- City of San Bernardino
- City of Encinitas
- City of Clovis
- City of Lodi
- City of Placerville
- City of Shafter
- City of San Diego

## CONTINUING PROFESSIONAL EDUCATION

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met the current CPE educational requirements to perform audits of governmental agencies.

Licensed by the State of California

# CITY OF MADERA

## Our Professionals

### Sophia Kuo, CPA, MBA Compliance Manager



#### EXPERIENCE

Sophia Kuo is a Manager within The Pun Group, LLP's Assurance division. In her six years of accounting and auditing experience, Sophia has worked with governmental agencies, not-for-profit entities and private for-profit entities. She possesses governmental experience that ranges from GASB audit/reporting, Internal Controls/COSO Framework, Single Audit, Corporate Financial Reporting, Data Analysis and Taxation.

Ms. Kuo has performed audits and other attestation services for several governmental agencies throughout California including cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts, and she has helped them publish their Comprehensive Annual Financial Reports in compliance with GASB Statement No. 34.

In addition, Ms. Kuo has performed employees' retirement system audits to several of our clients.

#### EDUCATION

- MAcc from **Idaho State University**
- MBA from **Idaho State University**
- BA Degree in International Trade and Finance, Emphasis in Finance from **Fu Jen Catholic University**



#### EMAIL

sophia.kuo@pungroup.com



#### WEBSITE

www.pungroup.com

#### LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

#### RELEVANT EXPERIENCE

- City of Gardena
- City of Huntington Park
- City of Lakewood
- City of Pomona
- City of Glendora
- City of Laguna Niguel
- City of Monterey
- City of Hermosa Beach

#### CONTINUING PROFESSIONAL EDUCATION

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met the current CPE educational requirements to perform audits of governmental agencies.

Licensed by the State of California

# CITY OF MADERA

## Our Professionals

Albert Sutrisno, CPA, MBA

Senior Auditor



### EXPERIENCE

Albert Sutrisno is a Senior Auditor within The Pun Group, LLP's Assurance division. In his three years of accounting and auditing experience, Albert has worked with governmental agencies, not-for-profit entities and private for-profit entities.

Albert has performed audits and other attestation services for several governmental agencies throughout California including cities, counties, redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts, and he has helped them publish their Comprehensive Annual Financial Reports in compliance with GASB Statement No. 34.

### EDUCATION

- BA Degree in Accounting and Business Administration Emphasis in Entrepreneurial Finance from **Point Loma Nazarene University**.
- Masters of Business Administration from **Point Loma Nazarene University**.

### LEADERSHIP & AFFILIATIONS

- Member, California Society of Certified Public Accountants (CalCPA)

### RELEVANT EXPERIENCE

- City of Stockton
- City of San Bernardino
- City of Escondido
- City of National City
- San Diego Metropolitan Transit System
- City of Placerville
- City of South Gate
- City of Encinitas
- City of Shafter
- Ventura County Transportation Commission

### CONTINUING PROFESSIONAL EDUCATION

Various municipal accounting courses offered by the AICPA, CalCPA Education Foundation and local universities including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met the current CPE educational requirements to perform audits of governmental agencies.



#### EMAIL

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Licensed by the State of California

# CITY OF MADERA

## *Our Professionals*

### ***Quality-Control System***

Our Firm meticulously monitors the quality and contents of our reports. The Pun Group LLP is 100% committed to providing only the highest grade of work possible for our clients and for those who rely on our audits. The Firm strives to exceed professional industry standards because of the continuing respect for our clients and our emphasis on creating long-lasting relationships. The Pun Group LLP works exclusively with those who share the same moral integrity and values.

Our quality-control system has been crafted with excellence in mind. It not only meets AICPA standards but also matches our own elevated standards, which includes the following professional-development activities.

### ***Professional Development***

Each Engagement Team member is up-to-date with continuing professional education requirements. The Firm encourages staff members to participate in the continuing education programs offered by the AICPA and the CalCPA Education Foundation to always keep our staff well versed in the changing field and any new regulations. These classes include, among others:

- Basic Concepts of Governmental Accounting, Financial Reporting, and Auditing
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly known as OMB Circular A-133)
- Governmental and Nonprofit Annual Update
- Governmental Accounting and Auditing: The Annual Update
- Auditing Standards: A Comprehensive Review

Also, the Firm provides comprehensive in-house training for all levels of staff. The program includes seminars developed by the Firm, educational programs established by the AICPA and CalCPA, and on-the-job training.

Every year, all professional and administrative staff members receive an annual overview and review of topics such as these:

- Principles of accounting and financial reporting for state and local governments
- Governmental fund types
- Newly issued U.S. generally accepted auditing standards and government auditing standards
- Internal control evaluation approaches, including the COSO Internal Control Framework
- Updates on recent governmental accounting and reporting guidelines and pronouncements
- Single Audit requirements and approaches
- Risk-based audit approaches
- Working paper techniques
- Current issues facing the governmental community

These ongoing continuing education activities and training programs ensure that the Engagement Team is always receiving the most current and pertinent information; we believe that an educated staff is a necessity when providing the most efficient and effective audit of the City of Madera.

# EXPERIENCE AND APPROACH

*“Our audits provide an objective view of each organization's financial situation. Our professionals will provide evidence-based advice for improved operating efficiency and strengthen internal control.”*



THE  
PUN GROUP  
ACCOUNTANTS & ADVISORS

# CITY OF MADERA

## Experience and Approach

### Similar Engagements with Other Government Entities

The following five clients are examples of some of the engagements that are similar to the requirements in the City of Madera's proposal. Additional references are available upon request. Please feel free to contact these agencies to learn more about their experiences working with us.

#### City of Stockton

First Year of Service:	2012
Current Contract Status:	In Force
Financial Statement Audit:	Yes
CAFR Preparation:	Yes
GFOA Award:	Yes
Single Audit:	Yes
GANN Limit:	Yes
Measure W:	Yes
Measure M:	Yes
AUP - Core Revenues:	Yes
Fire Dispatch Authority Audit:	Yes
Total Hours:	2,500
Contract Price (per year):	\$332,350
Engagement Partner:	Kenneth H. Pun, CPA, CGMA
Concurring Partner:	Gary M. Caporicci, CPA, CGFM, CFF
Principal Client Contact:	Mr. Matt Paulin, Chief Financial Officer
Address:	425 N. Eldorado Street, Stockton, CA 95202
Email Address:	<a href="mailto:matt.paulin@stockton.ca.gov">matt.paulin@stockton.ca.gov</a>
Phone Number:	(209) 937-8460

#### City of San Bernardino

First Year of Service:	2013
Current Contract Status:	In Force
Financial Statement Audit:	Yes
Financial Statement Preparation:	Yes
GFOA Award:	N/A
Single Audit:	Yes
GANN Limit:	Yes
Total Hours:	2,000
Contract Price (per year):	\$200,000
Engagement Partner:	Kenneth H. Pun, CPA, CGMA
Concurring Partner:	Frances J. Kuo, CPA, CGMA
Principal Client Contact:	Mr. Brent Mason, Director of Finance
Address:	290 North D Street, San Bernardino, CA 92401
Email Address:	<a href="mailto:mason.br@sbcity.org">mason.br@sbcity.org</a>
Phone Number:	(909) 384-5242

# CITY OF MADERA

## Experience and Approach

### City of Gardena

First Year of Service:	2007
Current Contract Status:	In Force
Financial Statement Audit:	Yes
CAFR Preparation:	Yes
GFOA Award:	Yes
Single Audit:	Yes
GANN Limit:	Yes
Municipal Bus Line Enterprise Fund:	Yes
Family Child Care Program:	Yes
AUP - Cash Receipt:	Yes
AUP - Wire Transfer Processes:	Yes
Total Hours:	700
Contract Price (per year):	\$75,000
Engagement Partner:	Kenneth H. Pun, CPA, CGMA
Concurring Partner:	Frances J. Kuo, CPA, CGMA
Principal Client Contact:	Mr. Clint Osorio, Chief Fiscal Officer
Address:	1700 West 162nd Street, Gardena, CA 90247
Email Address:	<a href="mailto:cosorio@cityofgardena.org">cosorio@cityofgardena.org</a>
Phone Number:	(310) 217-9500

# CITY OF MADERA

## Experience and Approach

### Firm's Municipal Clients

The Pun Group, LLP has performed numerous audits of organizations subject to financial and compliance audits. These audits were performed in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, Uniform Guidance (formerly known as OMB Circular A-133) and its Compliance Supplement (when applicable), Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines. A list of current engagements is as follows:

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Arvin	2013 – Present	Yes	Yes	N/A	400
City of Bell	2018 – Present	Yes	Yes	Yes	520
City of Beaumont	2017 – Present	Yes	Yes	N/A	425
City of Bradbury	2012 – Present	Yes	N/A	N/A	150
City of Calexico	2007 – Present	Yes	Yes	N/A	750
City of Cerritos	2009 – Present	Yes	Yes	Yes	400
City of Clovis	2006 – Present	Yes	Yes	Yes	500
City of Coachella	2017 – Present	Yes	Yes	Yes	410
City of Cottonwood, AZ	2007 – Present	Yes	Yes	Yes	400
City of Culver City	2016 – Present	Yes	Yes	Yes	535
Town of Danville	1999 – Present	Yes	Yes	Yes	300
City of Desert Hot Springs	2013 – Present	Yes	N/A	N/A	400
City of Escondido	2016 – Present	Yes	Yes	Yes	400
City of Gardena	2007 – Present	Yes	Yes	Yes	700
City of Glendora	2017 – Present	Yes	Yes	Yes	430
City of Gustine	2017 – Present	Yes	N/A	N/A	400
City of Hemet	2015 – Present	Yes	Yes	N/A	380
City of Hermosa Beach	2004 – Present	Yes	N/A	Yes	200
City of Huntington Park	2015 – Present	Yes	Yes	N/A	650
City of Industry	2015 – Present	Yes	Yes	Yes	600
City of Lakewood	2013 – Present	Yes	Yes	Yes	380
City of Lodi	2018 – Present	Yes	Yes	Yes	760
City of Lynwood	2016 – Present	Yes	Yes	Yes	585
City of Monterey	2016 – Present	Yes	Yes	Yes	620

# CITY OF MADERA

## Experience and Approach

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Morro Bay	2015 – Present	Yes	Yes	N/A	400
City of National City	2013 – Present	Yes	Yes	Yes	600
City of Patterson	2017 – Present	Yes	Yes	Yes	450
City of Placentia	2016 – Present	Yes	Yes	Yes	620
City of Placerville	2008 – Present	Yes	Yes	N/A	350
City of Pomona	2016 – Present	Yes	Yes	Yes	650
City of Redding	2016 – Present	Yes	Yes	Yes	500
City of Ridgecrest	2009 – Present	Yes	Yes	Yes	300
City of San Bernardino	2015 – Present	Yes	Yes	N/A	2,000
City of Seal Beach	2017 – Present	Yes	Yes	Yes	410
City of Shafter	2017 – Present	Yes	Yes	Yes	400
City of South Gate	2016 – Present	Yes	Yes	Yes	480
City of Stockton	2012 – Present	Yes	Yes	N/A	2,500
Imperial County Transportation Authority	2018 – Present	Yes	Yes	N/A	750
San Diego Metropolitan Transit System	2005 – Present	Yes	Yes	Yes	1,850
Shasta Regional Transportation Agency	2015 – Present	Yes	N/A	N/A	200
Ventura County Railroad Company, LLC	2015 – Present	Yes	N/A	N/A	60
Ventura County Transportation Commission	2015 – Present	Yes	Yes	Yes	400
Adelanto Public Utility Authority	2018 – Present	Yes	N/A	N/A	165
Alameda County Water District	2018 – Present	Yes	Yes	N/A	585
Altadena Library District	2015 – Present	Yes	N/A	N/A	90
Antelope Valley State Water Contractors Association	2015 – Present	Yes	N/A	N/A	40
Barstow Heights Community Services District	2015 – Present	Yes	N/A	N/A	40
Big Bear City Community Services District	2015 – Present	Yes	N/A	N/A	200
Casitas Municipal Water District	2015 – Present	Yes	N/A	N/A	230
Central Basin Water District	2018 – Present	Yes	Yes	N/A	400
Coachella Valley Resource Conservation District	2016 – Present	Yes	N/A	N/A	50
Desert Recreation District	2015 – Present	Yes	N/A	N/A	150

# CITY OF MADERA

## Experience and Approach

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
Desert Recreation Foundation	2015 – Present	Yes	N/A	N/A	40
East Orange County Water District	2015 – Present	Yes	N/A	N/A	130
El Toro Water District	2015 – Present	Yes	N/A	N/A	270
Encinitas Ranch Golf Authority	2015 – Present	Yes	N/A	N/A	100
Fallbrook Healthcare District	2008 – Present	Yes	N/A	N/A	75
Golden Hills Community Services District	2016 – Present	Yes	N/A	N/A	180
Las Virgenes Municipal Water District	2014 – Present	Yes	N/A	N/A	300
Los Angeles Waterkeeper	2016 – Present	Yes	N/A	N/A	100
Marina Coast Water District	2012 – Present	Yes	N/A	Yes	240
Menlo Park Fire Protection District	2015 – Present	Yes	Yes	Yes	240
Newport Coast Elementary School Foundation	2010 – Present	Yes	N/A	N/A	20
North County Fire Protection District	2015 – Present	Yes	N/A	N/A	120
North County Dispatch JPA	2015 – Present	Yes	N/A	N/A	60
Orange County Coastkeeper	2015 – Present	Yes	N/A	N/A	60
Palmdale Water District	2015 – Present	Yes	N/A	N/A	180
Palos Verdes Library District	2015 – Present	Yes	N/A	N/A	110
Port of Hueneme - Oxnard Harbor District	2015 – Present	Yes	N/A	Yes	250
Rancho Santa Fe Fire Protection District	2015 – Present	Yes	N/A	N/A	120
Riverside County Flood Control and Water Conservation District	2015 – Present	Yes	N/A	Yes	250
San Bernardino County Fire Protection District	2016 – Present	Yes	N/A	N/A	200
San Diego Coastkeeper	2015 – Present	Yes	N/A	N/A	75
San Dieguito Water District	2014 – Present	Yes	N/A	N/A	75
San Elijo Joint Powers Authority	2016 – Present	Yes	N/A	N/A	146
South Orange County Water Authority	2017 – Present	Yes	Yes	Yes	240
South Bay Regional Public Communications Authority	2015 – Present	Yes	N/A	N/A	100
Southwestern Community College District	2009 – Present	Yes	Yes	N/A	720
Tehacapi Valley Recreation & Park District	2016 – Present	Yes	N/A	N/A	50
The Farm Mutual Water Company	2015 – Present	Yes	N/A	N/A	170

# CITY OF MADERA

## Experience and Approach

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
Trabuco Canyon Water District	2015 – Present	Yes	N/A	N/A	200
Twentynine Palms Water District	2016 – Present	Yes	N/A	N/A	160
Valley Sanitary District	2015 – Present	Yes	N/A	Yes	140
West County Agency	2015 – Present	Yes	N/A	N/A	55
West County Wastewater District	2015 – Present	Yes	N/A	N/A	240
West Valley Mosquito and Vector Control District	2016 – Present	Yes	N/A	N/A	100

# CITY OF MADERA

## Experience and Approach

### Specific Audit Approach

The City of Madera is requesting the Firm to perform annual auditing services. These audits are to be performed in accordance with all applicable and generally accepted auditing standards, including, but not limited to, the following:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants.
- The standards applicable to financial audits contained in the most current version of the Generally Accepted *Government Auditing Standards* (Yellow Book), issued by the Comptroller General of the United States.
- The provisions of the Single Audit Act as amended in 1996.
- The provisions of U.S. Office of Management and Budget (OMB) Uniform Guidance (formerly known as Circular A-133), Audits of State and Local Governments and Non-Profit Organizations and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- California State Controller audit instructions letters.

### Scope of Work

The Firm will perform the following services:

- ✓ **Financial Statement Audits** and issuance of an opinion statement on the Comprehensive Annual Financial Report ("CAFR"). The audit will be conducted in accordance with Generally Accepted Government Auditing Standards. The CAFR will be in full compliance with all current GASB pronouncements. The following component units will be included in the City's financial statements:
  - Housing Authority of the City of Madera
  - City of Madera Financing Authority
- ✓ Provide assistance in meeting the requirements for the Government Finance Officers Association (GFOA) "**Certificate of Achievement for Excellence in Financial Reporting**".
- ✓ Prepare a **Single Audit Report** which will include the following:
  - Report on compliance and on internal control over financial reporting based on audit of financial statements performed in accordance with Government Auditing Standards.
  - Report 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 Uniform Guidance, "Audits of State and Local Governments", and the Single Audit Act of 1984 (Public Law 98-502).
  - Schedule of Expenditures of Federal Awards.
  - Notes to Schedule of Expenditures of Federal Awards.
  - Schedule of Findings and Questioned Costs.
  - Any other required schedules or reports.
  - Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.
- ✓ Prepare report on the City's and the District's compliance with Proposition 111, Article XIII.B of the California State Constitution and Governmental Code 7900 (et seq.) in its calculation of the "**Gann Limit**".
- ✓ Issue a separate "**Management Letter**" that includes recommendations for improvements on internal control, accounting procedures and other significant observations that are considered to be no reportable conditions.
- ✓ Perform a **compliance review** of the agreement between the City and the management company that has been retained to operate and manage the **City of Madera's municipal golf course**.
- ✓ **Optional Task:** Prepare the financial statements for the **Financing Authority**, a component unit of the City.

# CITY OF MADERA

## *Experience and Approach*

**Supplemental Reports, Audits, or Agreed-Upon Procedures:** Other services, such as agreed-upon procedures may be deemed necessary. These services will be performed at agreed-upon rates and will be added in a written agreement prior to commencing audit work. The Firm and the City of Madera will discuss and approve the scope and associated costs of these tasks.

**Report of all Irregularities and Illegal Acts:** The Firm will make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the City Manager; City Attorney, and Director of Finance.

The engagement team will also make all communications to the City required by the audits standards under which the engagement is performed. Those communications include, but are not limited to:

- a) The auditor's responsibility under generally accepted auditing standards.
- b) Significant accounting policies.
- c) Management judgment and accounting estimates.
- d) Significant audit adjustments.
- e) Other information in documents containing audited financial statements.
- f) Disagreements with management.
- g) Management consultation with other accountants.
- h) Major issues discussed with management prior to retention.
- i) Difficulties encountered in performing the audit.

**Working Paper Retention and Access to Working Papers:** The Firm will retain, at its own expense, all working papers and reports for a minimum of (7) seven years, unless the City of Madera notifies the Firm in writing of the need to extend the retention period. The Firm will make working papers available to the following parties and/or its designees:

- ✓ City of Madera
- ✓ U.S. Department of Transportation
- ✓ U.S. General Accounting Office (GAO)
- ✓ Parties designated by the federal or state government or by the City of Madera as part of an audit quality review process.
- ✓ Auditors of entities of which the City is a sub-recipient of grant funds.

The Firm will comply with reasonable requests from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.

**Advice and Consultation:** Will be provided throughout the year on matters relating to accounting and financial reporting. This will not include any task that entails significant research or a formal report.

**Public Meeting:** The partner in charge will be available to attend one City of Madera public meeting at which the audit report will be discussed.

**GASB Implementation:** The Firm will also provide assistance in the implementation of applicable GASB pronouncements not yet in effect. We have a dedicated partner, Mr. Gary Caporicci, who will be responsible in providing advice and consultation for the implementation of these new standards.

# CITY OF MADERA

## *Experience and Approach*

### ***Objectives of Our Services***

Our primary objective for the proposed audit is to examine the City's financial statements and express our opinion on their fairness of presentation, in accordance with generally accepted accounting principles. Other objectives that will benefit the City include the following:

- To offer beneficial observations and recommendations about policies and procedures for accounting and operating controls
- To identify opportunities to make City operations more efficient and reduce costs
- To perform the audit efficiently and effectively, so disruption to office operations is minimized
- To provide continuing advisory services so the City can implement recommendations
- To meet these objectives at no additional cost to the City

The Engagement Team will perform the audit in accordance with the Firm's quality-control procedures, which include following standard audit programs, careful planning, using industry-standardized software for auditing and internal control documentation, and welcoming an objective review of audit work.

The Firm will supply portable computers to the onsite staff members.

Our audit approach emphasizes careful planning, open communication, and proper assignment of responsibilities. This method ensures that audit requirements will be met with minimal disruption of the City's daily operations, and that the audit will proceed efficiently with full understanding between the Engagement Team and the City.

# CITY OF MADERA

## Experience and Approach

### Project Management

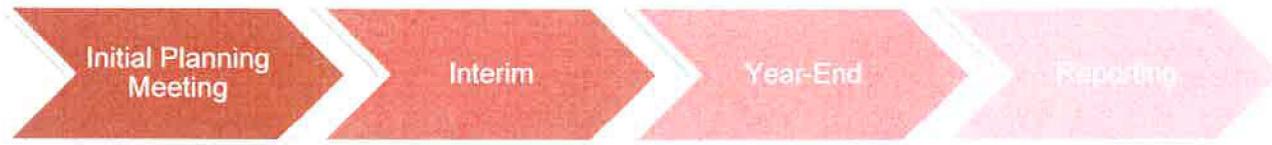
The Firm's project approach to project management consists of four phases of project initiation & planning meeting, risk assessment, controls, and environment, assess and analyze, and reporting and project closure.



Throughout the project we monitor the progress of the project, project milestones and deliverables through communication of our task plan with your designated liaison for the project. This reporting can be formal or informal depending on the needs of the project and the client. In the case of this short-term comprehensive analysis, we will likely use a less formal approach to include a standing weekly progress meeting with a review of open tasks, next tasks and any issues we have encountered during the project. You can expect that the Engagement Partner or Engagement Manager will be onsite for these meetings to ensure we successfully conclude the project on the proposed schedule.

### Proposed Segmentation of the Engagement

The audit will be performed in four phases:



**Initial Planning Meeting:** The Engagement Partner and Manager will meet with City's Management to get up to speed with City policies and procedures, establish any specific requirements Management may have, identification of unique transactions, implementation of new GASB pronouncements, and develop the audit work plan for the engagement.

**Interim:** The Engagement Team—including the Engagement Partner—will assess accounting policies adopted by the City, obtain an understanding of the City and its operating environment, review internal controls on all significant transaction classes, perform walkthroughs and/or tests of internal control, perform preliminary analytical procedures, develop initial risk assessment, evaluate Single Audit compliance (if needed), identify any audit issues, and prepare confirmation correspondence. The Engagement Team and City Management will establish expectations including responsibilities and assignments for the year-end audit, and will hold a progress status meeting at the end of the Interim phase.

**Year-End:** The Engagement Team—including the Engagement Partner—will conduct audit procedures on account balances in the general ledger, finish confirmation procedures, perform preliminary analytical procedures, search for unrecorded liabilities, perform substantive analytical review procedures, complete work on compliance with Federal Assistance, and conclude fieldwork. The Engagement Team and City Management will hold an exit conference at the end of the Year-End phase. Periodic update meetings will be held to communicate audit progress to management.

**Reporting:** The Firm will review and prepare audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. We will also examine reports for compliance with GFOA reporting guidelines at no additional cost. Any comments will be issued in a letter to Management. At the City's request, the Engagement Partner and Manager will present the audit to the City's governing body.

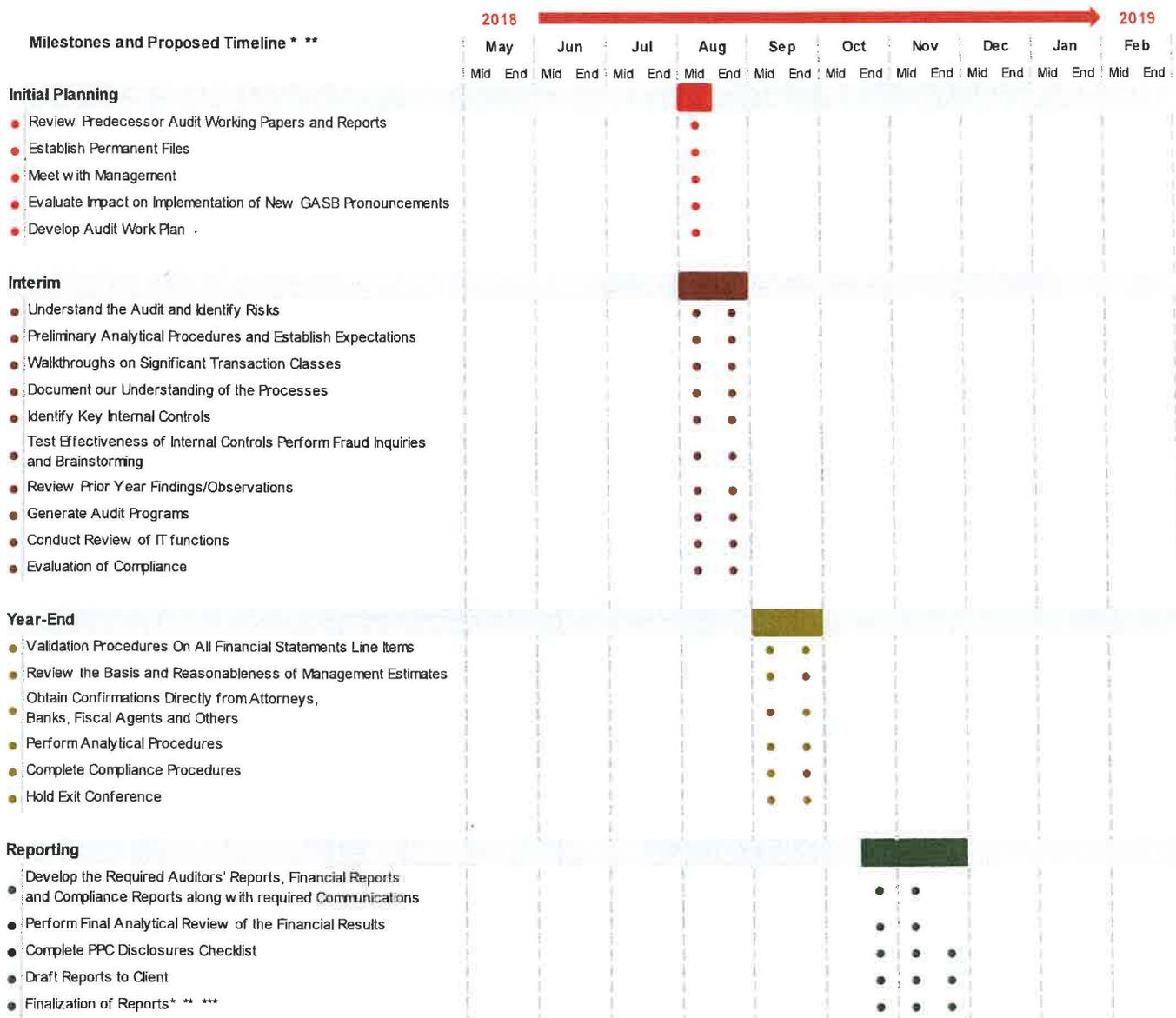
The Firm will complete the audit fieldwork and issue all reports within the established timeframe, assuming no internal City circumstances causes delays in the audit.

# CITY OF MADERA

## Experience and Approach

### Milestones and Proposed Timeline

The Pun Group, LLP has planned the following timeline <sup>(1)</sup> in order to meet the City's audit needs:



\*Above proposed timeline is subject to review and approval, and it can be modified as needed to meet client's needs.  
 \*\* Based on Financial Statement/CAFR audit timing.

<sup>(1)</sup> (This is the proposed schedule for the Year Ended 2019, considering the award in August 2019. Subsequent year shall have Initial Planning taking place during the first week of June, and Interim during the first and second weeks of June).

# CITY OF MADERA

## Experience and Approach

### Level of Staff and Number of Hours to be Assigned to Each Segment of the Engagement

The Pun Group, LLP understands that the City is not only looking to employ our auditing services but is also seeking to receive value within that professional relationship. We believe that our value is derived from our in-depth knowledge, experience, and commitment that our auditing firm employs. We stress and emphasize "employ" because all of the knowledge and expertise listed on paper will not benefit you unless it is applied. That is why we have developed a plan that we feel will accomplish the objectives of the City and your particular needs. Our Firm will utilize the information that you have shared with us and our experience from our previous audits of this nature, from various government entities and cities to develop a practical plan for all major areas.

Example of Major Areas (not limited to):

- Audit of the City's financial statements and the related notes to financial statements
- Audit of the Financing Authority's financial statements (optional)
- Compliance audit of the municipal golf course, as needed
- Single Audit procedures and required reporting
- Communication with those charged with governance
- Internal Control and Management Letters

Total Hours:

Staff Classification Performing Work	Estimated Hours Annually
Partners	39
Managers	72
Senior Accountants	123
Staff Accountants	226
Clerical	7
<b>Total Annual Hours:</b>	<b>467</b>

Hours by Audit Phase	Hours
Phase I - Planning	47
Phase II - Interim	140
Phase III - Year End	163
Phase IV - Reporting	117
<b>Total Annual Hours:</b>	<b>467</b>

### Sample Size and the Extent to Which Statistical Sampling is to be Used in this Engagement

In our audit approach, statistical sampling will be used in conjunction with our skilled judgment and knowledge of each situation. When designing an audit sample, our auditors consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn. We determine a sample size sufficient to reduce sampling risk to an acceptably low level and select items for such task in a way that we can reasonably expect it to be representative of the relevant population and likely to provide the auditor with a reasonable basis for conclusions about the population.

# CITY OF MADERA

## Experience and Approach

### *Enhancing Auditing Quality with Artificial Intelligence*

There are plenty of challenges with established audit practices. Outdated CAAT tools, sampling practices, and the explosive growth of big data are some of the examples, and they all present significant barriers to detecting anomalies, intentional or otherwise, in financial data. The Pun Group, LLP deploys a comprehensive, risk-based approach, complimented by using MindBridge Artificial Intelligence Platform, to conduct our audit. Through this tool we are able to seamlessly analyze thousands and thousands of financial and operating data and records, **identifying and cataloging significant risks, in mere seconds.**

The Ai Auditor platform works by our side, augmenting our capacity to detect errors or fraud in the data—not only by analyzing the entire data set, but by cross-correlating dozens of testing criteria against pre-established data points and presenting us with a view of every user, vendor and transaction, by risk, all within moments of ingesting analyzed data. Something standard audit procedures cannot accomplish.

We utilize these tools to allow our audit teams to increase efficiency in the audit process, to enhance the existing quality of our work, to provide directed testing in areas subject to the highest risk, and to quickly assimilate large amounts of data your staff would typically be asked to gather. The tools also help us to meet our professional requirements regarding fraud and internal control, allowing us to:

- ✓ Run Benford's analysis to check for fraud in transactions.
- ✓ Increase the value of audit findings with complete, 100% data coverage.
- ✓ Isolate risk and control issues before they impact your operations.
- ✓ Improve productivity by automating procedures and eliminating manual tasks.
- ✓ Conduct more direct, efficient and effective audits, to improve overall audit quality.

Our engagement team easily imports data in a secure environment from the City's financial software and extracts useful data for testing and analytical procedures particular to the following areas:

- Successful Fraud Test
- Questionable Invoices
- Phantom Vendor Schemes
- Kickback or Conflict-of-Interest Schemes
- Dormant Account Schemes
- Money Laundering Schemes

### *Type and Extent of Analytical Procedures to be Used in the Engagement*

Analytical procedures are one of many financial audit processes which help an auditor understand the client's operation and changes in the environment, and to identify potential risk areas to plan other audit procedures. Analytical Procedures includes comparison of financial information on prior periods, budget, forecast, and industry benchmark. We use trend and ratio analysis to identify any uncertain or unusual events. In order to perform these analyses, our firm conducts a survey of cities and counties and develops benchmarks on specific vital financial indicators, such as the cost of services to tax revenues ratios, average general fund balance, capital assets, debt per capital, general fund unassigned fund balance to total general fund expenditures, etc.

Our staff members have previous experience in successfully implanting analytical procedures to the City's benefit.

Analytical procedures are performed at three stages of audit: at the start, in the middle, and at the end of the audit. These three stages are risk assessment procedures, substantive analytical procedures, and final analytical procedures:

- Risk assessment procedures are used to assist the auditor to better understand the business and to plan the nature, timing, and extent of audit procedures.
- Substantive analytical procedures are used to obtain evidential matter about particular assertions related to the account balances or classes of transactions. During the interim phase, our engagement team will set up expectations for the year-to-date results and balances and compare them with budgeted and prior-year amounts. This process allows us to forecast year-end amounts, reducing the workload during the year-end phase and allowing us to focus on areas of concern.

# CITY OF MADERA

## *Experience and Approach*

- Final analytical procedures are used as an overall review of the financial information in the last review stage of the audit. The Engagement Partner and Manager will perform a high-level analytical analysis of the financial information comparing its data for both quantitatively and qualitatively, to ensure the amount presented in the financial statements are fairly presented in all material respect.

### ***Approach to be Taken to Gain and Document an Understanding of the Internal Control Structure***

Audit risk assessment is established by an internal control review, combined with the Engagement Team's understanding of the City's operations and accounting software. Using the Committee of Sponsoring Organizations (COSO) Framework, staff members will evaluate the City's processes and identify any control deficiencies. These diagnostic review procedures allow the Engagement Team to assess the City's systems and controls and to provide constructive feedback to management.

During our initial planning phase of the audit, our engagement team, including the Engagement Partner and Manager will obtain an understanding of the entity and its environment. It is an essential aspect of performing an audit under generally accepted auditing standards. In particular, that understanding establishes a frame of reference within which the auditor plans the audit and exercises professional judgment about assessing risks of material misstatement of the financial statements and responding to those risks throughout the examination.

During the interim phase of the audit, our Engagement Team will perform a walkthrough of all significant accounting systems, including processes for financial reporting, revenue recognition and cash receipts, purchasing/contract management and cash disbursements, and payroll and related liabilities, and others. Our auditors will obtain the written policies and procedures, inquiring accounting personnel, and document the process in either a flowchart or narrative summary format. After gaining an understanding of the accounting and internal control systems, our auditor will make a preliminary assessment of control risk, at the assertion level, for each material account balance or class of transactions.

The form and extent this documentation is influenced by the size and complexity of the entity, and the nature of the entity's accounting and internal control systems. Generally, the more complex the entity's accounting and internal control systems and the more extensive the auditor's procedures, the broader our documentation will need to be.

### ***Approach to be Taken in Determining Laws and Regulations that Will be Subject to Audit Test Work***

The Firm stays continually up to date with audit requirements—including new regulations, compliance supplements, state guidelines, and related contracts—to ensure that we conduct audits under applicable laws and regulations. We test transactions for compliance with the Single Audit Act, California Government Code, GANN Appropriations Limit, provisions of applicable grant guidelines, requirements of local measures, and others.

For example, the Single Audit Act requires that we determine which grants to include in our audit and select transactions from those grants for detailed testing. While most items will be tested as part of the Interim phase, we cannot determine which grants will be tested for the Single Audit until the Year-End phase of the audit.

Our compliance audits of cash, investments, debt covenants, and other areas will be performed in accordance with the California Government Code, which has many provisions and regulations covering investments.

### ***Approach to be Taken in Drawing Audit Samples for Purposes of Tests of Compliance***

To test compliance, we will follow the AICPA's Audit Sampling Considerations of Uniform Guidance Compliance Audits. We will select an appropriate sample size based on our professional judgment and knowledge. Any deviations from control and compliance requirements will be documented.

# CITY OF MADERA

## *Experience and Approach*

### **Client Training Seminar**

Constant changing in accounting and auditing standards, laws and regulations, and compliance provisions has created an unprecedented complexity in public accounting for state and local governments.

The Pun Group Governmental Accounting Conference is designed to not only provide you updates on these new accounting and auditing standards. We also bring in expertise to provide you practical insights on certain pressing issues, such as:

1. Structural Financial Issues – Reduction in tax revenues and the growing cost of services
2. Labor Issues – Escalation of Pension and Healthcare Cost and Other Employee Benefits issues
3. Infrastructures Issues – Maintenance and Repair of Aging Infrastructure

Every year, the Firm hosts a conference to update governmental clients on new technical accounting and financial issues. This year's day-long session—held in Orange County (08/06/2019), Danville (08/20/2019) and Clovis (08/29/2019)—qualifies for eight hours of CPE.

Participants of last year's training seminar received a high-level examination of numerous technical issues, including the following:

- GASB Updates
- Auditing Standards and Single Audit Updates
- Survey of Cities and Counties
- Implementation of the New OPEB Standards
- Public Sector Employee Benefits 2018: Big Ticket Items That Finance Directors and Staff Need to Plan for

Importantly, all of our clients are invited to attend The Pun Group, LLP client training seminar **FREE OF CHARGE**.

### **Identification of Anticipated Potential Audit Problems**

While we do not expect any problems with the audit, we will carefully investigate and monitor the following relevant accounting issues:

#### **Investments:**

- Compliance with GASB 31 and GASB 34
- Authorization and approval process for City investments
- Controls to assure City's compliance with investment limitations and types of specific investments
- Monitoring by the City of its investments

#### **Financial Reporting:**

- CAFR compliance with current reporting and disclosure requirements issued by GASB
- CAFR eligibility for financial reporting conformance awards issued by GFOA
- Compliance with the various GASBs in effect
- Perform valuations of OPEB benefits to determine the liability for all benefits promised to active, retired, and inactive plan members as of each valuation date
- Compliance with Governmental Accounting Standards Board (GASB) Statements 74 and 75
- Compliance with infrastructure obligations and regulatory provisions

#### **Internal Control Structure:**

- City's internal control functions and compliance with proper internal control philosophies
- Computer-system processes and controls, and adequacy of the control environment

Over the period of the engagement, several new GASB pronouncements will become effective. The Engagement Team will pay specific attention to the following new and upcoming pronouncements, and any others that become effective during the proposal period, in order to determine proper implementation procedures.

- GASB 83 – Certain Asset Retirement Obligations
- GASB 84 – *Fiduciary Activities*
- GASB 87 – *Leases*
- GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period
- GASB 90 – Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61
- GASB 91 – Conduit Debt Obligations

# COST OF SERVICES

*“Offering a full range of financial services, The Pun Group helps clients address all aspects of their financial condition, while providing solutions and directions in a cost-effective and efficient manner.”*



THE  
PUN GROUP  
ACCOUNTANTS & ADVISORS

# CITY OF MADERA

## Cost of Services

### Certification

We are committed to the performance of a high-quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, our partners will provide advice and consultation as needed, at no additional cost to the City of Madera.

**Name of Firm:** The Pun Group, LLP  
Certified Public Accountants and Business Advisors  
**Contact Name:** Coley Delaney, CPA  
**Contact Email Address:** coley.delaney@pungroup.com

I, the undersigned, certify I am duly authorized to represent the above-named firm and am empowered to submit this bid. In addition, I certify I am authorized to contract with the City of Madera on behalf of the above-named firm.



August 5, 2019

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Coley Delaney, CPA | Partner  
The Pun Group, LLP

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Date

**Attachment A**

Attachment A

CITY OF MADERA

BID PROPOSAL AUTHORIZATION  
And COST SCHEDULE

PROFESSIONAL AUDITING SERVICES

RFP NO. 201920-02

DATE August 5, 2019

COMPANY NAME The Pun Group, LLP

STREET ADDRESS 4365 Executive Drive, Suite 710

CITY / STATE / ZIP San Diego, CA 92121

PHONE NUMBER (858) 242-5100

EMAIL coley.delaney@pungroup.com

PERSON PREPARING BID coley.delaney@pungroup.com

POSITION Partner

SIGNATURE 

# CITY OF MADERA

## Cost of Services

### Cost Schedule of Professional Fees and Expenses

FOR THE AUDITS OF THE FY 2018-19 THROUGH 2020-21 AND PREPARATION OF  
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

	Hours	Quote Hourly Rate	Total FY 2018-19	Total FY 2019-20	Total FY 2020-21
Partners	24	\$ 200	\$ 4,800	\$ 4,944	\$ 5,092
Managers	40	\$ 175	\$ 7,000	\$ 7,210	\$ 7,426
Supervisor/Senior Auditors	70	\$ 100	\$ 7,000	\$ 7,210	\$ 7,426
Staff Auditors	120	\$ 75	\$ 9,000	\$ 9,270	\$ 9,548
Clerical	4	\$ 50	\$ 200	\$ 206	\$ 212
<b>Subtotal</b>	<b>258</b>		<b>\$ 28,000</b>	<b>\$ 28,840</b>	<b>\$ 29,705</b>

**Out-of-Pocket Expenses:**

Meals and Lodging	Included	Included	Included
Transportation	Included	Included	Included
Other (Specify)	Included	Included	Included
Less Professional Discount	\$ -	\$ -	\$ -
<b>Total for Audit and CAFR Services:</b>	<b>\$ 28,000</b>	<b>\$ 28,840</b>	<b>\$ 29,705</b>

**Total for Audit and CAFR Services in WORDS:**

<b>FY 2018-19</b>	Twenty-Eight Thousand Dollars
<b>FY 2019-20</b>	Twenty-Eight Thousand Eight Hundred Forty Dollars
<b>FY 2020-21</b>	Twenty-Nine Thousand Seven Hundred Five Dollars

Estimated number of hours required from City to develop permanent file:

<u>5 - 10 Hours</u>	From City Clerk's Office
<u>5 - 10 Hours</u>	From Finance Department

**Total all-inclusive maximum price (3 years total):**

(Includes all services quoted in this cost proposal)

<b>\$ 50,000</b>	<b>\$ 51,500</b>	<b>\$ 53,045</b>	<b>\$ 154,545</b>
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**Total all-inclusive maximum price (3 years total) IN WORDS:**

(Includes all services quoted in this cost proposal)

<b>FY 2018-19</b>	Fifty Thousand Dollars
<b>FY 2019-20</b>	Fifty-One Thousand Five Hundred Dollars
<b>FY 2020-21</b>	Fifty-Three Thousand Forty-Five Dollars

**Grand Total IN WORDS:**

**One Hundred Fifty-Four Thousand Five Hundred Forty-Five Dollars**

# CITY OF MADERA

## Cost of Services

### COST SCHEDULE FOR THE SINGLE AUDIT REPORT

	Hours	Quote Hourly Rate	Total FY 2018-19	Total FY 2019-20	Total FY 2020-21
Partners	3	\$ 200	\$ 600	\$ 618	\$ 637
Managers	6	\$ 175	\$ 1,050	\$ 1,082	\$ 1,114
Supervisor/Senior Auditors	15	\$ 100	\$ 1,500	\$ 1,545	\$ 1,591
Staff Auditors	24	\$ 75	\$ 1,800	\$ 1,854	\$ 1,910
Clerical	1	\$ 50	\$ 50	\$ 52	\$ 53
<b>Subtotal</b>	<b>49</b>		<b>\$ 5,000</b>	<b>\$ 5,150</b>	<b>\$ 5,305</b>
<b>Out-of-Pocket Expenses:</b>					
Meals and Lodging			Included	Included	Included
Transportation			Included	Included	Included
Other (Specify)			Included	Included	Included
Less Professional Discount			\$ -	\$ -	\$ -
<b>Total price for the Single Audit Report:</b>			<b>\$ 5,000</b>	<b>\$ 5,150</b>	<b>\$ 5,305</b>

**Total price for the Single Audit Report in WORDS:**

FY 2018-19

Five Thousand Dollars

FY 2019-20

Five Thousand One Hundred Fifty Dollars

FY 2020-21

Five Thousand Three Hundred Five Dollars

(1) Above quotes include Single Audit fees based on 1 (one) major program. The fee to audit additional major programs will be \$5,000 each. The number of programs determined to be "major" will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the City of Madera's Management before starting Single Audit work.

# CITY OF MADERA

## Cost of Services

### COST SCHEDULE FOR THE PREPARATION OF THE GOLF COURSE COMPLIANCE REVIEW

	Hours	Quote Hourly Rate	Total FY 2018-19	Total FY 2019-20	Total FY 2020-21
Partners	8	\$ 200	\$ 1,600	\$ 1,648	\$ 1,697
Managers	16	\$ 175	\$ 2,800	\$ 2,884	\$ 2,971
Supervisor/Senior Auditors	24	\$ 100	\$ 2,400	\$ 2,472	\$ 2,546
Staff Auditors	42	\$ 75	\$ 3,150	\$ 3,245	\$ 3,342
Clerical	1	\$ 50	\$ 50	\$ 52	\$ 53
<b>Subtotal</b>	<b>91</b>		<b>\$ 10,000</b>	<b>\$ 10,300</b>	<b>\$ 10,609</b>
<b>Out-of-Pocket Expenses:</b>					
Meals and Lodging			Included	Included	Included
Transportation			Included	Included	Included
Other (Specify)			Included	Included	Included
Less Professional Discount			\$ -	\$ -	\$ -
<b>Total price for the Golf Course Compliance Review:</b>			<b>\$ 10,000</b>	<b>\$ 10,300</b>	<b>\$ 10,609</b>

**Total price for the Golf Course Compliance Review in WORDS:**

FY 2018-19

Ten Thousand Dollars

FY 2019-20

Ten Thousand Three Hundred Dollars

FY 2020-21

Ten Thousand Six Hundred Nine Dollars

# CITY OF MADERA

## Cost of Services

### COST SCHEDULE FOR THE CITY OF MADERA FINANCING AUTHORITY AUDIT REPORT

	Hours	Quote Hourly Rate	Total FY 2018-19	Total FY 2019-20	Total FY 2020-21
Partners	4	\$ 200	\$ 800	\$ 824	\$ 849
Managers	10	\$ 175	\$ 1,750	\$ 1,803	\$ 1,857
Supervisor/Senior Auditors	14	\$ 100	\$ 1,400	\$ 1,442	\$ 1,485
Staff Auditors	40	\$ 75	\$ 3,000	\$ 3,090	\$ 3,183
Clerical	1	\$ 50	\$ 50	\$ 52	\$ 53
<b>Subtotal</b>	<b>69</b>		<b>\$ 7,000</b>	<b>\$ 7,210</b>	<b>\$ 7,426</b>
<b>Out-of-Pocket Expenses:</b>					
Meals and Lodging			Included	Included	Included
Transportation			Included	Included	Included
Other (Specify)			Included	Included	Included
Less Professional Discount			\$ -	\$ -	\$ -
<b>Total price for the City of Madera Financing Authority Audit Report:</b>			<b>\$ 7,000</b>	<b>\$ 7,210</b>	<b>\$ 7,426</b>

**Total price for the City of Madera Financing Authority Audit Report in WORDS:**

FY 2018-19	Seven Thousand Dollars
FY 2019-20	Seven Thousand Two Hundred Ten Dollars
FY 2020-21	Seven Thousand Four Hundred Twenty-Six Dollars

### COST SCHEDULE FOR THE CITY OF MADERA ADDITIONAL PROFESSIONAL SERVICES

	Hourly Rates FY2018-19	Hourly Rates FY2019-20	Hourly Rates FY2020-21
<b>Partners</b>	\$ 200	\$ 206	\$ 212
<b>Managers</b>	\$ 175	\$ 180	\$ 186
<b>Supervisor/Senior Auditors</b>	\$ 100	\$ 103	\$ 106
<b>Staff</b>	\$ 75	\$ 77	\$ 80
<b>Clerical</b>	\$ 50	\$ 52	\$ 53

# CITY OF MADERA

## Cost of Services

### Out of Pocket Expenses in the Total Maximum Price and Reimbursement Rates

The Firm's policy is to maintain flexible billing rates to meet the needs of clients and help them control costs. In the interest of **starting** our long-term relationship, we will absorb all expenses required to familiarize ourselves with the operations and accounting systems, as well as, travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the City of Madera. The Firm will also absorb these costs.

### Standard Hourly Rates

Below are the Firm's standard hourly billing rates, delineated by staffing levels:

Auditor's Standard Hourly Billing Rates	
Position	FY 2018-19
Senior Partner(s)	\$ 300
Partner(s)	\$ 275
Senior Manager(s)	\$ 225
Manager(s)	\$ 200
Supervisor(s)	\$ 150
Senior Accountant(s)	\$ 125
Staff Accountant(s)	\$ 100
Clerical	\$ 75

### Manner of Payment

Engagement Team members are required to maintain timesheets detailing the date, number of hours, and work performed for every audit task. The Firm will collect these timesheets and bill the, at the rates outlined in the Total All-Inclusive Maximum Price section, in four stages: (1) at the conclusion of the planning phase, (2) at the conclusion of the interim phase, (3) at the conclusion of the Year-End phase, (4) and after presentation and acceptance of the final audit reports. Interim billings will cover a period not less than a calendar month. The billing amounts generally break down as follows:

Work Performed	% of Proposal Amount
For Planning	10%
For Interim work	40%
For Year-End work	40%
At Presentation and Acceptance of Final Reports	10%
Total	100%

# CITY OF MADERA

*Cost of Services*

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# LET'S START A DIALOGUE

*"It is our commitment to only practice with the highest professional ethics and standards. We believe we owe that to the profession, our clients, and ourselves."*





THE  
PUN GROUP  
ACCOUNTANTS & ADVISORS

## CITY OF MADERA

*Let's Start a Dialogue*

### Benefits of Choosing The Pun Group, LLP

The Pun Group, LLP is recognized for its professionalism, integrity, and providing clients with practical solutions unique to their circumstances and issues. Our Firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams. The Pun Group's primary objective is to give the City of Madera solutions and directions, led by highly experienced and capable partners who can successfully implement the work and produce the results you expect. This philosophy and mindset allow us to provide a superior level of service, and a quality audit.

We trust that this proposal has given you the information needed about the Firm, the Engagement Team members, overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the City of Madera and providing you with the excellent level of service that you expect and deserve.

### Thank You

Thank you for giving us the opportunity to introduce the Firm and submit our qualifications to provide you with professional audit services. Please direct inquiries to:

Mr. Coley Delaney, CPA  
Partner  
4365 Executive Drive, Suite 710  
San Diego, California 92121  
coley.delaney@pungroup.com  
(858) 242-5101

Sincerely,

*The Pun Group, LLP*

The Pun Group, LLP  
Certified Public Accountants and Business Advisors

# CITY OF MADERA

*Let's Start a Dialogue*

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# APPENDICES

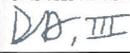


THE  
**PUN GROUP**  
ACCOUNTANTS & ADVISORS

# CITY OF MADERA

## Appendices

### Proof of Insurance – Sample Certificate

		<b>CERTIFICATE OF LIABILITY INSURANCE</b>		DATE (MM/DD/YYYY) 2/29/2019		
THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.						
IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).						
<b>PRODUCER</b> Wood Gutmann & Bogart 15901 Red Hill Ave., Suite 100 Tustin CA 92780		<b>CONTACT</b> NAME: Connie Jones PHONE (A/C No, Ext): 714-505-7000 FAX (A/C No): 714-573-1770 E-MAIL: connie@wgbib.com ADDRESS:				
<b>INSURED</b> The Pun Group, LLP 200 East Sandpointe Avenue, Suite 500 Santa Ana CA 92707		<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A: TRAVELERS CAS INS CO OF AMER NAIC # 19046 INSURER B: Travelers Property Casualty Co of Amer 25674 INSURER C: Argonaut Insurance Company INSURER D: Travelers Cas Ins. Co of Amer INSURER E: INSURER F:				
<b>COVERAGES</b>		<b>CERTIFICATE NUMBER: 242217017</b>		<b>REVISION NUMBER:</b>		
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
INSR LTR	TYPE OF INSURANCE	ADDITIONAL SUBROGATION WAIVED	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER POLICY <input checked="" type="checkbox"/> PROTECT <input type="checkbox"/> LOC OTHER:		5001G592120-19	3/1/2019	3/1/2020	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (E&A occurrence) \$ 300,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMP/OP AGG \$ 4,000,000 \$
D	<input type="checkbox"/> ANY AUTO? <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON OWNED AUTOS		048L46780319-42	3/1/2019	3/1/2020	COMBINED SINGLE LIMIT (E&A accident) \$ 1,000,000 BODILY INJURY (per person) \$ BODILY INJURY (per accident) \$ PROPERTY DAMAGE (per accident) \$ \$
B	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB CLAIMS MADE DEF. RETENTION:		CUP4K25314819-42	3/1/2019	3/1/2020	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$
S	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If "Yes," describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/> N/A	02BK36340119-42	3/1/2019	3/1/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E L EACH ACCIDENT \$ 1,000,000 E L DISEASE (EA EMPLOYEE) \$ 1,000,000 E L DISEASE - POLICY LIMIT \$ 1,000,000
E	EBC Rate 12/23/11		Pending	3/1/2019	3/1/2020	3,000,000 agg 1,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)						
<b>CERTIFICATE HOLDER</b>				<b>CANCELLATION</b>		
Proof of Coverage				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 		

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