



LAFAYETTE
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CITY OF LAFAYETTE
REQUEST FOR PROPOSAL
FOR
FINANCIAL AUDITING SERVICES
JANUARY 27, 2020

Table of Contents

INTRODUCTION..... 4

NATURE OF SERVICES REQUIRED..... 5

A. Scope of Work 5

B. Reports to be Issued 6

C. Reporting and Communication 7

D. Delivery of Reports..... 7

E. Other Considerations 7

DESCRIPTION OF THE GOVERNMENT 8

A. Background Information 8

B. Financial Information..... 9

C. STAFFING / OPERATIONS..... **Error! Bookmark not defined.**

ASSISTANCE TO BE PROVIDED AND REPORT PREPARATION 10

A. Finance Division..... 10

B. Report Preparation..... 11

REQUEST FOR PROPOSAL FORMAT..... 11

A. Title Page..... 11

B. Table of Contents..... 11

C. Letter of Transmittal 11

D. Audit Team..... 12

E. Audit Scope and Provisions 12

F. Cost Data 12

G. Additional Data..... 12

PROPOSAL EVALUATION & PROCESS 12

A. Distribution 12

B. Submission 12

C. Evaluation 12

D. Invitation for Interview 13

E. Interview..... 13

F. Final Selection 13

G. Recommendation to the City Council..... 13

ADDITIONAL INFORMATION 14

TENTATIVE SCHEDULE 15

INTRODUCTION

General Information

The City of Lafayette (hereinafter referred to as “the City”) is requesting proposals from qualified firms of certified public accountants (hereinafter referred to as “the Auditor”) for a three (3) year contract to audit and prepare its financial statements for the fiscal years ending June 30, 2020 through June 30, 2022 with the option to extend the contract for two (2) additional one-year periods, at the City’s sole discretion. The Auditor will be asked to complete the City’s Single Audit Report if expenditure criteria are met.

These audits are to be performed in accordance with all applicable and generally accepted government auditing standards including the standards set forth for financial audits by the Governmental Accounting Standards Board (GASB); in the U.S. Government Accountability Office (GAO), Government Auditing Standards; U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations; and the applicable laws, rules and regulations of the Transportation Development Act (TDA). Additionally, the reports should meet the standards established by the Government Finance Officers Association (GFOA) for the GFOA Certificate of Achievement and California Society of Municipal Finance Officers Association's Award for Outstanding Financial Reporting (CSMFO).

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et set.), unless exempt. Any language purporting to render the entire proposal confidential or proprietary will be ineffective and disregarded.

A tentative schedule of the proposal and selection process is outlined in Attachment I. Please note that these are tentative dates and are subject to change. The City reserves the right to reject any or all proposals submitted. The proposal package shall present all-inclusive audit fees for each year of the proposed contract term.

To be considered, the proposal must be received by the City via e-mail no later than **4:00 p.m., Friday, February 21, 2020** to the following e-mail address:

jwakeman@ci.lafayette.ca.us

Please title the proposal e-mail as follows:

RFP Lafayette Audit Services 2020

All files must be submitted in a single **.pdf file**. If file is too large, submission can be broken up in to two separate pdf files. Additional information may be obtained by contacting Jennifer Wakeman, Assistant Director of Administrative Services, by email.

NATURE OF SERVICES REQUIRED**A. Scope of Work**

The City of Lafayette desires the selected Auditor to:

1. Audit, prepare and express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles and complies with laws and regulations that may have a material effect upon the City's financial statements
2. Perform agreed upon procedures to the appropriations limit worksheets prepared by the City to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution.
3. Perform a Single Audit testing one program for compliance with the Single Audit Act of 1984 in the years when the threshold has been exceeded.
4. Audit, prepare and express an opinion on the fair presentation of its Transportation Development Act Program financial statements in conformity with generally accepted accounting principles.
5. Audit, prepare and express an opinion on the fair presentation of its Lamorinda Fee and Finance Authority financial statements in conformity with generally accepted accounting principles.
6. Audit, prepare and express an opinion on the fair presentation of its Lamorinda School Bus Transportation Agency financial statements in conformity with generally accepted accounting principles.
7. The Auditor will examine the City's internal accounting controls and accounting procedures and render written reports of their findings and recommendations to the Administrative Services Director. The examination shall be made, and reports rendered in accordance with generally accepted government auditing standards. In addition, the auditors shall communicate to the Administrative Services Director any reportable conditions found during the audit that can be defined as either a significant or material weakness 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 statement.
8. 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 Administrative Services Director and City Manager.

B. Reports to be Issued

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

1. Management Representation Letter
2. Independent Auditor's Report for the City of Lafayette
Twelve (12) bound copies and one (1) *.pdf file
3. Memorandum on Internal Control and Required Communications for the City of Lafayette
Twelve (12) bound copies and one (1) *.pdf file
4. Independent Auditor's Report on Applying Agreed Upon Procedures related to the Appropriations Limit Calculation
Two (2) bound copies and one (1) *.pdf file
5. Independent Auditor's Report for the Lamorinda Fee and Finance Authority
Eight (8) bound copies and one (1) *.pdf file
6. Memorandum on Internal Control and Required Communications for the Lamorinda Fee and Finance Authority
Eight (8) bound copies and one (1) *.pdf file
7. Independent Auditor's Report for the Lamorinda School Bus Transportation Agency
Twelve (12) bound copies and one (1) *.pdf file
8. Memorandum on Internal Control and Required Communications for the Lamorinda School Bus Transportation Agency
Twelve (12) bound copies and one (1) *.pdf

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

1. Single Audit Report of Federal Financial Assistance
Two (2) bound copies and one (1) *.pdf file
2. Metropolitan Transportation Commission (MTC) Bicycle/Pedestrian Projects in accordance with the Transportation Development Act (TDA)
Two (2) bound copies and one (1) *.pdf file
3. State-Local Transportation Partnership Program as administered by the State of California Department of Transportation
Two (2) bound copies and one (1) *.pdf file
4. Contra Costa County Transportation Authority – Measure J Local Distribution Compliance Audit
Two (2) bound copies and one (1) *.pdf file

5. Audit of Transient Occupancy Tax revenues collected by one of the hotels located within the City
Two (2) bound copies and one (1) *.pdf file
6. Cities Financial Transactions Report to the State Controller
One (1) *.pdf file
7. Street Report to the State Controller
One (1) *.pdf file

C. Reporting and Communication

1. The Auditor will meet continuously during the on-site field work process with the Assistant Director of Administrative Services to discuss issues, concerns, preliminary audit findings and management recommendations.
2. Prior to issuing their final reports, the Auditor will meet with the Assistant Director of Administrative Services with all draft audit reports to be addressed to the City Council.
3. The Auditor may be consulted occasionally throughout the year as an information resource. The Auditor may be asked to provide guidance on implementation of Government Accounting Standards Board (GASB) requirements and specifics of federal and state regulations as they may affect local government accounting. In addition, the Auditor may be asked to assist with the implementation of new pronouncements (e.g. GASB 68).

D. Delivery of Reports

The Auditor shall complete all fieldwork and prepare and deliver to the City's Assistant Director of Administrative Services a draft copy of all reports listed under "Reports to be Issued" in early November and deliver copies of the final reports to same no later than the last business day of November.

E. Other Considerations

The City's books will be closed and ready for audit by September 15. The City staff will prepare supporting schedules and account reconciliations as requested by the Auditors.

The City implemented GASB 34 effective with their June 30, 2004 financial statements. The City chose to use the depreciation method of accounting for these assets.

The City of Lafayette has determined that the U.S. Department of Transportation will function as the cognizant agency in accordance with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*.

The schedule of Federal Financial Assistance and related auditor's report, as well as the related reports on the internal control structure and compliance are not to be included in the comprehensive annual financial report but are to be issued separately.

No officer, agent, or employee of the City and no member of its governing bodies shall have any financial interest, direct or indirect, in the agreement or the proceeds thereof. No officer, agent, or employee of

the Auditor shall serve on a City committee or hold any such position which is incompatible with such person's duties or obligations or other relationship to this agreement.

Time is of the essence in each and all provisions of the agreement.

Pursuant to the Single Audit Act of 1984, as amended in 1996, any state or federal agency shall have access to the auditor's work papers for purposes of review. All working papers, reports, and records relating to performance under the Agreement must be retained, at the auditor's expense, for a minimum of five (5) years, unless the Auditor is notified in writing by the City of Lafayette of the need to extend the retention period. The Auditors shall make their working papers available to successor auditors. The auditor will also be required to make working papers available, upon request, to the following parties or their designees:

1. City management
2. Department of Housing and Urban Development
3. U.S. General Accounting Office (GAO)
4. Parties designated by the federal or state governments or by the City of Lafayette as part of an audit quality review process.
5. Auditor of entities of which the City is a sub-recipient of grant funds.

The partner or manager of the Auditor will be required to attend two Finance Subcommittee meetings (one during the interim audit and another to present the draft audited financial statements) and a City Council meeting to present the audited financial statements and answer any questions the City Council may have regarding the audit report or accounting requirement.

The Auditor will be required to make working papers available upon request to the appropriate parties. 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.

Throughout the year, the Auditor will provide financial advice and counsel on matters that would affect the annual report.

DESCRIPTION OF THE GOVERNMENT

A. Background Information

Incorporated in 1968, the City of Lafayette is located in Contra Costa County, a growing area in the eastern portion of the San Francisco Bay Area. The City has a permanent staffing level of approximately 41 City employees and serves approximately 25,000 residents. Located on 15.39 square miles, Lafayette is noted for its high quality of life with top rated schools, low crime rate, small town downtown, clean air, mild climate, and oak tree-studded hills.

Lafayette is located along Highway 24, approximately 25 miles east of San Francisco. The City is primarily a residential community with commercial and light industrial enterprises, as well as local governmental offices. Lafayette's commercial district lies in the center of the community and offers a wide variety of services for residents in addition to boutique shopping and fine dining. The annual Art & Wine Festival attracts as many as 80,000 visitors to the City each year in September.

The City operates under the Council-Manager form of government, and is governed by a five-member Council elected at large, serving staggered four-year terms. Council elections are held in November of

even numbered years. The Mayor is elected by the Council members from within its ranks to serve rotating one-year terms. The City Manager is appointed by the City Council and the City Attorney responsibilities are contracted out. The City Manager appoints all Department Directors and through them, all other employees of the City.

City departments and areas of responsibility are described below:

Council, Commissions, and Community Support- City Council, Commissions for Public Art, Circulation, Crime Prevention, Parks, Trails & Recreation, Senior Services, Youth, Planning, and Design Review
Police Services (contracted through the county)- Police Services, Emergency Preparation Commission, Crossing Guards, Traffic Enforcement, and Parking

Public Works- Road & Drain Maintenance, Traffic Maintenance, Emergency Response, Core Area Maintenance

Planning and Engineering- Planning Services, Code Enforcement, Engineering Services, Capital Improvement Program

Administration- City Manager, Legal Services, City Clerk, Administrative Services, Technology Services, Insurance

Parks and Recreation- Recreation Programs, Parks and Trails Maintenance, Community Center Maintenance

Lafayette is a limited service city and contracts with Contra Costa County for police and library services. The City does not provide fire services, water or sewer utilities; these services are provided by separate special districts.

The City maintains one Enterprise Fund for its Recreation Programs.

The City also maintains Fiduciary Funds for the following agencies:

- Successor Agency to the Redevelopment Agency of the City of Lafayette, which has been incorporated into the City CAFR
- Lamorinda School Bus Transportation Authority, which has its own audit report that is overseen by City Staff
- Lamorinda Fee and Finance Authority, which has its own audit report that is overseen by City Staff

B. Financial Information

The City's total operating budget for Fiscal Year 2019-20 is approximately \$14.9 million and the total budget for all funds is approximately \$36.2 million. Of the all funds budget, the Fiscal Year 2019-20 Capital Budget is approximately \$10.7 million.

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

The City also receives an annual allocation of Contra Costa County Transportation Authority (Measure J) Sales Tax revenue. The use of these monies is restricted to transportation and bike/pedestrian related improvements. In Fiscal Year 2019-20 \$540,000 in Measure J revenue is anticipated to be received.

Lafayette is an affluent suburb of a major metropolitan area and its proximity to a public transit station (BART) makes it convenient for commuters. In addition, the semi-rural setting, low crime rate and

excellent schools make the city attractive to families.

The residents are generally highly educated, with almost 72% having bachelor's degrees or higher and of this group, 50% having a masters, professional, associate, or doctorate degree. The median household income is \$157,061, which compares to \$95,339 for the County and \$67,739 for the State. The median sales price of homes in Lafayette (based on single family residential full value sales for 1/1/2017-6/30/2019) was \$1,572,250. Homeownership rates are also very high, at 73%, as compared to a state rate of 55%.

All of these factors bode well for Lafayette's major sources of revenue. Most primary sources of revenue are at all-time highs except for sales tax which dipped slightly in FY15-16 due to the unwinding of the State's "triple flip". Also, after several years of dormancy due to a recession, development has started again and since 2008 a number of housing projects have been developed with several others currently in review. Additional housing includes a combination of single family homes, multi-family condominiums, townhouses and apartments, second units and assisted living facilities.

C. Staffing / Operations

The Finance Division is responsible for many aspects of City operations; including Accounts Payable, Cash Receipts, Payroll, Investments, Financial Reporting, Bond Management, and Benefits Administration. In addition, they provide accounting and treasury services to the Lamorinda Fee and Finance Authority and the Lamorinda School Bus Transportation Agency, which are both separate joint powers authorities. Currently the Finance Division consists of a Financial Services Manager, an Accountant, and an Accounting Assistant. The Finance Division is part of the Administration Department, and is overseen by the Administrative Services Director.

The software package used is the Abila MIP accounting system, which is used to process cash receipts, accounts payable, payroll and financial reporting. The City's budget is created in Microsoft Excel.

More detailed financial information on the City government, including budget documents and audited financial statements can be found on our website; www.ci.lafayette.ca.us, under City Hall/City Departments/Administration/Finance & Budget.

ASSISTANCE TO BE PROVIDED AND REPORT PREPARATION

A. Finance Division

The staff of Finance Division will be responsible for closing the books and will provide trial balances, budget and actual revenue and expense reports, project expense reports, and detail transaction reports as needed from the financial system for each fiscal year, plus:

- produce the confirmation letters based on a comprehensive list prepared by the Auditor. The letters will be mailed by the Auditors
- produce the transmittal letter, Management Discussion & Analysis, and statistical section of the financial statement
- assist the auditors in locating records or preparing audit schedules. All requests from the Auditors will be directed to the Finance Division. Consideration must be given to the ongoing tasks of the finance division.
- provide the Auditors with reasonable workspace to include desks and chairs as well as access to internet and photocopying and fax machines.

B. Report Preparation

The Auditors will prepare the draft and final versions of the financial statements, including notes and supplemental schedules, for the City.

Final preparation and printing of the City's Comprehensive Annual Financial Report will be completed by the Auditors.

Preparation, editing, and printing of all other reports to the City of Lafayette, as indicated in Nature of Services Required section above, will be the responsibility of the Auditors.

REQUEST FOR PROPOSAL FORMAT

To achieve a uniform review process and obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified.

A. Title Page

The title page should include the request for proposal subject, the name of the proposer's firm, local address, telephone number, name of contact person, and date.

B. Table of Contents

Include a clear identification of the material by section and by page number.

C. Letter of Transmittal

1. State whether the Auditor is local, national, or international.
2. Give the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.
3. Describe the range of activities performed by the local office such as audit, accounting, or management services.
4. Describe the local office's information technology (IT) audit capabilities, including the number and classifications of personnel skilled in IT auditing who will work on the audit, and describe the local office staff experience and familiarity with local government finance software.
5. Describe the local office's recent auditing experiences of small local government agencies which prepare a CAFR and give the names and telephone numbers of client officials responsible for five of the audits listed. If available, provide a link to the final published audit report.
6. Describe the document publication technology and staff formatting and proofreading expertise.

D. Audit Team

1. Describe the composition of the audit team, including staff from other than the local office, and consultants (if any). Describe the commitment of the Auditor to providing the same audit team on subsequent audits. Include resumes of each person so identified.
2. Identify the supervisors and consultants who will work on the audit and include resumes of each person so identified.
3. Identify any members of the audit team who are certified CAFR reviewers in the Government Finance Officers' Association (GFOA) Certificate of Excellence in Financial Reporting program.

E. Audit Scope and Provisions

Describe the scope of the required services to be provided and outline a plan on how such services will be provided. Please include depth of work, staffing, and time estimates. Proposers should list all reports including management letters that are to be issued, the points to be addressed by reports, and the estimated completion dates.

F. Cost Data

Indicate the total hours and hourly rates by staff classification and the resulting all-inclusive maximum fee (not to exceed total) for which the requested work will be done for each of the specific deliverables identified in this Request for Proposal. Fees must include all anticipated costs including travel, per diem, and out-of-pocket expenses.

G. Additional Data

Data not specifically requested should not appear in the foregoing sections, but any additional information considered essential to the proposal may be presented at this section.

PROPOSAL EVALUATION & PROCESS**A. Distribution**

Request for Proposals shall be available on January 27, 2020 on the City's website under Hot Topics: www.lovelafayette.org and on the CSMFO website: www.csmfo.org.

B. Submission

Proposals for the City audit must be emailed to Jennifer Wakeman (jwakeman@ci.lafayette.ca.us), and received no later than 4:00 p.m. on February 21, 2020. Each proposal must be submitted in a single .pdf file; two, if single file is too large. Proposals submitted via facsimile will not be accepted. Late or incomplete proposals will not be considered.

Proposals must have the e-mail title "RFP Lafayette Audit Services 2020."

C. Evaluation

The Administrative Services Department will evaluate proposals to ascertain which proposer best meets the needs of the City. It is anticipated that the proposal review process will be completed by February 24, 2020.

Although the factors to be considered in selecting a candidate audit firm are not given specific weights, the following are some of the major factors on which the decision will be based:

1. The Auditor is independent and licensed to practice in California.
2. Size and structure of the candidate's office from which the audit work is to be done and continuity in staff. The City is looking for a highly qualified team that is able to meet the due dates specified in "D. Delivery of Reports" section above, and it expects that same supervisor to complete any successive year's engagements.
3. The Auditor has no conflict of interest with regard to any other work performed by the Auditor for the City of Lafayette.
4. The Auditor's responsiveness in clearly stating the understanding of the work to be performed in audits of similar size, nature and complexity of the City.
5. The Auditor's personnel have demonstrated professional credentials, technical experience and continuing learning activities of the staff to be assigned to the audit.
6. Ability of the candidate in providing technical support to finance staff as it relates to implementation of new accounting standards and recording and reporting of complex transactions.
7. Cost of audit fee is a significant factor but not the primary factor in selection.

D. Invitation for Interview

E-mail invitations will be sent on February 24, 2020 to those Auditors that were selected for an interview.

E. Interview

Auditors will be scheduled for interview with the City on February 26, 2020 between 1-5pm. Auditors selected for interview may be requested to prepare a short presentation for the interview committee.

F. Final Selection

The final selection of the invited Auditors will be conducted by the Administrative Services Department. The City anticipates sending e-mail notification of the final selection by February 28, 2020. Upon notice of intent to award contract, the successful Auditor shall enter into a Professional Services Agreement with the City of Lafayette.

G. Recommendation to the City Council

The Administrative Services Department will recommend to the City Council the selection of and contract with the selected Auditor on March 9, 2020.

ADDITIONAL INFORMATION

- A. There is no expressed or implied obligation for the City of Lafayette to reimburse responding Auditor for any expenses incurred in the preparation of proposals in response to this request.
- B. The submission of a proposal shall be prima facie evidence that the proposer has full knowledge of the scope, nature, quantity and quality of work to be performed; the detailed requirements of the specifications; and the conditions under which the work is to be performed.
- C. The proposer shall furnish the City with such additional information as the City may reasonably require.
- D. The City will not be liable for any costs not included in the proposal.
- E. The City reserves the right to conduct personal interviews of any or all proposers prior to selection. The City will not be liable for any costs incurred by the proposer in connection with such interview (i.e., travel, accommodations, etc.).
- F. The City reserves the right to conduct pre-contract negotiations with any, or all, potential proposers in the interest of securing the optimum service at minimum cost.
- G. The City reserves the right to reject any and all proposals and the right, in its sole discretion, to accept the proposal it considers most favorable to the City.

ATTACHMENT I

TENTATIVE SCHEDULE

January 27, 2020	Request for Proposal issued and made available to vendors
February 21, 2020, 4:00 p.m.	Proposals due to the City of Lafayette, Finance Division
February 24, 2020	Evaluation of Proposals and Invitation for Interview of selected candidates
February 26, 2020	Interviews with invited candidates
February 28, 2020	Notification of successful candidate
March 9, 2020	Recommendation to City Council with Agreement

These are tentative dates and are subject to change.