



**CITY OF PLACENTIA  
FINANCIAL AUDIT COMMITTEE  
401 E CHAPMAN AVENUE  
PLACENTIA, CA 92870**

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## **MEETING AGENDA**

April 11, 2011 7:00 P.M.

**ROLL CALL** - Benuzzi, McCallick, and Mooberry

**PUBLIC COMMENT**- The public is invited to address the Committee concerning any item on the agenda.

- 1. Approval of Minutes of the March 14, 2011 Financial Audit Committee Meeting**
- 2. Installation of new Committee Members, Dewayne DeRose and Kevin Larson**
- 3. Update on Fiscal Year 2008-2009 and Fiscal Year 2009-2010 Corrective Action Plans for the City, Redevelopment Agency, Single Audit Report and Management Report**
- 4. Discuss Request for Proposal for Audit Services / Extension of Contract with current Auditor for Fiscal Year 2010-2011 Audit**
- 5. Selection of Ad-Hoc Committee for Auditing Services RFP Selection**

**COMMITTEE COMMENTS** -

**STAFF COMMENTS** -

**ADJOURNMENT** - To the next regular meeting of the Financial Audit Committee on July 11, 2011 at 7:00 P.M.

"In compliance with the Americans With Disabilities act, if you need special assistance to participate in this meeting, please contact the Finance Department at (714) 993-8237 at least forty-eight (48) hours prior to the meeting to allow the City to make reasonable arrangements to ensure accessibility to this meeting."

**\*\*\*CERTIFICATION OF POSTING AGENDA\*\*\***

I, Karen Ogawa, Secretary to the Financial Audit Committee, hereby certify that the agenda for the meeting was posted on April 7, 2011.

  
Karen Ogawa, Secretary

# **City of Placentia**

## **Request for Proposals for Professional Auditing Services**

City of Placentia  
Finance Department  
401 E. Chapman Avenue  
Placentia, CA 92870  
Phone (714) 993-8237  
Fax (714) 961-0283

Date of Issuance: April 12, 2011  
Proposal Deadline: May 3, 2011

**City of Placentia**

**REQUEST FOR PROPOSALS**

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## CITY OF PLACENTIA

### Request for Proposals for Audit Services

#### I. INTRODUCTION

##### A. General Information

The City of Placentia ("Placentia" or "City") hereby requests proposals from qualified certified public accountant firms to perform an audit of the City's financial statements for the three (3) fiscal years ending June 30, 2011, June 30, 2012, and June 30, 2013 with the option of auditing the City's financial statements for each of the two (2) subsequent fiscal years. To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants,
2. The standards 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 Organizations, *Audits of State and Local Governments*,

There is no express or implied obligation for Placentia 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 (California Government Code § 6250, *et seq.*), unless exempt.

To be considered, an original and five (5) copies of a proposal must be received at the Office of the Director of Finance, 401 E. Chapman Avenue, Placentia, CA 92870 not later than 3:00 p.m., **May 3, 2011**. Proposals submitted will be evaluated by a Selection Committee, consisting of individuals from the Finance Department and the City's Financial Audit Oversight Committee.

During the evaluation process, the Selection Committee and the City of Placentia reserve the right, where it may serve the City's best interests, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of the City or the Selection Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal, regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the proposing firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected. The City has a standard two-party agreement, a copy of which is attached and any objections to the form of agreement must be specifically noted in the proposal. Please note the insurance requirement in the form of agreement.

It is anticipated the selection of a firm will be completed by May 11, 2011. Following the notification of the selected firm and City Council approval, it is expected a final contract will be executed between both parties by May 17, 2011. The City reserves the right to reject any or all proposals, to waive any non-material irregularities or information in any proposal, and to accept or reject any items or combination of items.

##### B. Term of Engagement

A three (3) year contract is contemplated, with an option to extend the contract for two (2) additional one (1) year terms. Each extension of the contract is subject to the review and recommendation of the City Administrator or his designee, the satisfactory negotiation of terms (including a price acceptable to the City), and annual availability of an appropriation.

## II. NATURE OF SERVICES REQUIRED

### A. General

The City of Placentia is soliciting the services of qualified certified public accountant firms to audit its financial statements as well as the financial statements of its component units for the fiscal years ending June 30, 2011, June 30, 2012, and June 30, 2013, with the option to extend the contract for each of the two (2) subsequent fiscal years. The audits are to be performed in accordance with the provisions contained herein.

### B. Scope of Work to be Performed

The City desires a Comprehensive Annual Financial Report ("CAFR") and its component unit financial statements for the City and the Redevelopment Agency of the City of Placentia ("Agency") to be prepared by the independent auditor. The City plans to submit the CAFR to the Government Finance Officers Association ("GFOA") for review in the GFOA Certificate of Achievement for Excellence in Financial Reporting program.

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

1. The audit firm will perform an audit of all funds of the City and Agency. The audit shall 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 will be prepared and word processed by the audit firm.** The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis ("MD&A") and required supplementary information pertaining to the General Fund and each major fund of the City.

2. The audit firm will conduct a financial and compliance audit of the Agency. The compliance audit shall include the provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller.

3. The audit firm will perform a single audit on the expenditures of federal grants in accordance with OMB Circular A-133 and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the City's financial statements in accordance with *Government Auditing Standards* and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.

4. The audit firm will prepare the Annual State Controller's Report for the City and the Agency.

5. The audit firm will prepare the Annual Street Report.

6. 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.

7. 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 Administrator.

8. 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.

### C. Auditing Standards to be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepting auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (2007), the provisions of the Single Audit Act Amendments of 1994 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*.

D. Reports to be Issued

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

1. A report on the fair presentation of the 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.
11. The audit firm shall perform agreed-upon auditing procedures pertaining to the City's Excess Surplus Calculation.

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.

E. 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 Administrator; City Attorney; Director of Finance and the City's Audit Committee.

F. Special Considerations

1. The City of Placentia 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.

G. 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 three (3) years, unless the firm is notified in writing by the City 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 Placentia
- U.S. Department of Transportation
- U.S. General Accounting Office (GAO)

Parties designated by the federal or state government or by the City 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.

III. **DESCRIPTION OF THE GOVERNMENT**

A. City Representative

The auditor's principal contact with the City will be Karen Ogawa, 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 Placentia serves an area of 7.2 square miles with a population of approximately 51,000. The City's fiscal year begins on July 1 and ends on June 30.

The City operates and maintains a full range of municipal services. The City contracts fire services from the Orange County Fire Authority. The City has approximately 115 authorized staff positions, with a total payroll exceeding \$23 Million. The City's FY2009-10 general operating budget was \$29 million.

The City is organized into six (6) departments and agencies. The accounting and financial reporting functions of the City are centralized.

More detailed information on the government and its finances can be found in the 2009-10 Annual

Budget and the 2009-10 CAFR.

C. Financial Operations

The City's Finance Department is headed by Karen Ogawa, Director of Finance and consists of 9 employees.

D. Fund Structure

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

Fund Type/Account Group

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds
- Internal Service Funds

E. Pension Plan

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

F. 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.

1. The management of the City identified the following component unit for inclusion in the City's financial statements: **Redevelopment Agency of the City of Placentia**. The Agency was established in 1981 under the provisions of the California Community Redevelopment Law (California Health and Safety Code, § 33000, *et seq.* The five (5) members of the City Council serve as the governing body of the Agency and exercise all rights, powers, duties and privileges. The Mayor of the City serves as Agency Chairman and the City Administrator is authorized to act as Executive Director of the Agency.

G. Computer Systems

COMPUTER HARDWARE

<u>Type of Equipment</u>	<u>Number</u>	<u>Networked</u>
Multiple Dell Servers		Yes
Personal Computers	150 (approx.)	Yes

FINANCIAL COMPUTER SOFTWARE

Vendor  
SUNGARD BI-TECH PUBLIC SYSTEMS

Major Applications

Payroll

G/L, A/P, Budget

H. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Karen Ogawa at 401 E. Chapman Avenue, Placentia, CA 92870 (714) 993-8237. The City will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. **TIME REQUIREMENTS**

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for Proposal Issued April 12, 2011

Due Date for Proposals May 3, 2011

B. Notification and Contract Dates

Staff Recommendation to City Council May 17, 2011

Contract Date June 1, 2011

C. 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 form of agreement. The audit firm selected 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 October 1.

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 Placentia November 9

Placentia Redevelopment Agency November 9

D. 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.

E. Final Reports

The Finance Department will complete its review of the draft report as expeditiously as possible. This process is not expected to exceed two (2) weeks. During that period, the auditor should be available for any meetings that may be necessary to discuss the drafts. The City has a Financial Audit Oversight Committee appointed by the City Council. The auditors will meet with the Committee to discuss the draft of the audit.



received by 5:0, 2011 for the proposing firm to be considered.

1. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

2. Table of Contents

3. Transmittal Letter

A letter of transmittal signed by an individual authorized to bind the proposer, 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 2010-11, 2011-12, and 2012-13.

4. Appendices or Exhibits

Include as needed.

**THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL SECTION**

B. **Cost Proposal** This section should be fast and separately identified with a total page. All dollar units and/or total costs should be shown in this section, not in the technical proposal.

The proposer shall submit one original and five (5) copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST PROPOSAL  
FOR  
CITY OF PLACENTIA  
FOR  
PROFESSIONAL AUDITING SERVICES

C. **Delivery of Proposals** Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

Matt Reynolds, Management Analyst  
City of Placentia  
401 E. Chapman Avenue  
Placentia, CA 92870

D. **General Requirements**

1. The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City and Agency in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

The technical proposal should address all the points outlined in the request for proposals. Cost information should only be included in the Cost Proposal section. The proposal should be prepared simply and economically, providing a straight-forward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items No. 2 through 9, must be included. They represent the criteria against which the proposal will be evaluated. The information may be presented in the body of the text or as appendices.

## TECHNICAL PROPOSALS ARE NOT TO EXCEED TWENTY-FIVE (25) PAGES

### 2. Independence

The firm should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards/the U.S. General Accounting Office's Government Auditing Standards (2007).

The firm also should provide an affirmative statement that it is independent of all of the component units of the City as defined by those same standards.

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

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

### 3. License to Practice in the State of California.

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

### 4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

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. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partner, manager, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is register or licensed to practice as a certified public accountant in the State of California. The firm should provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those

personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.

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

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposal.

These engagements should be ranked on the basis of total staff hours. Indicate the scope or work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

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 services required in Section II of this request for proposal. The work plan should reference such sources of information as the City or Agency 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.

**DOLLARS SHOULD ONLY BE INCLUDED IN THE COST PROPOSAL SECTION**

- 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. Response to City Standard Two-Party Agreement

Note any objections to the City's standard two-party agreement. City's standard form of agreement shall be the basis of the agreement between the City and the firm selected.

**E. Cost Proposal**

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid shall contain all pricing information relative to performing the audit engagement for each of the three (3) contract years as described in this request for proposal. The total all-inclusive maximum 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 technical proposal or the sealed dollar cost bid. Such costs shall not be included in the proposal.

The first page of the sealed dollar cost bid shall include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Placentia.
- c. A Total All-Inclusive Maximum Price for the 2010-11, 2011-12, and 2012-13 engagements.

The City will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

2. Rates for Additional Professional Services

If it should become necessary for City of Placentia 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 City of Placentia and the firm. Any such additional work agreed to between City of Placentia and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

3. 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 dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month. The final ten percent (10%) of the *Total All-Inclusive Maximum Price* will be paid upon delivery of the firm's final reports.

## VII. EVALUATION PROCEDURES

A. Selection Committee

Proposals submitted will be evaluated by a Selection Committee consisting of individuals from the Finance Department, the Financial Audit Committee, other internal departments and/or external agencies.

B. Review of Proposals

The Selection Committee will use a point formula during the review process to score proposals. Each member of the Selection Committee will first score each technical proposal by each of the criteria described in Section VII C below. The full Selection Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptable low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the cost proposals will be reviewed and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest *Total All-Inclusive Maximum Price*.

The City reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether the proposal is selected.

### C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for technical qualification. Only those firms meeting minimum technical qualifications will be evaluated for price. The following represent the principal selection criteria which will be considered during the evaluation process.

#### 1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in the State of California.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the City.
- c. The firm adheres to the instructions to this request for proposal on preparing and submitting the proposal.
- d. The firm has a record of quality audit work.

#### 2. Technical Quality (Maximum Points - 80)

##### a. Expertise and Experience

- (1) The firm's past experience and performance on comparable government engagements with an emphasis on local experience.
  - (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
  - (3) The firm's past experience auditing Housing and aging Federal Financial Assistance programs.
  - (4) The firm's past experience in meeting GFOA requirements to receive CAFR award.
  - (5) Experience in providing on-going financial consulting services to municipalities.
- ##### b. Audit Approach
- (1) Adequacy of proposed staffing plan for various segments of the engagement.

- (2) Adequacy of sampling techniques
  - (3) Adequacy of analytical procedures
3. Price (Maximum Points - 20)

**COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM**

D. Oral Presentations

During the evaluation process, the Selection Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

The City Council of the City of Placentia will select a firm after considering the recommendation of the Selection Committee.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right to reject any or all proposals.

**APPENDIX A**

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**  
**FOR THE AUDIT OF THE FY 2010-11 THROUGH 2012-13 FINANCIAL STATEMENTS**

	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total FY 2010- 2011</u>	<u>Total FY 2011- 2012</u>	<u>Total FY2012- 2013</u>
Partners					
Managers					
Supervisory staff					
Staff					
Other (specify):					
Subtotal					
Total for services Described in Section II D of the RFP (Detail on subsequent pages)					
Other (specify):					
Estimated number of hours required from City to develop permanent file:					
		\$		From City Clerk's Office	
		\$		From Finance Department	
Total all-inclusive maximum price:					

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

**SUPPORTING SCHEDULE FOR THE CITY OF PLACENTIA AUDIT REPORT**

	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total FY 10-11</u>	<u>Total Total FY 11-12</u>	<u>FY 12-13</u>
Partners					
Managers					
Supervisory staff					
Staff					
Other (specify):					
<b>Total price for the City of Placentia Audit Report:</b>					

**SUPPORTING SCHEDULE FOR THE PLACENTIA REDEVELOPMENT AGENCY AUDIT REPORT**

	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total FY 10-11</u>	<u>Total FY 11-12</u>	<u>Total FY 12-13</u>
Partners					
Managers					
Supervisory staff					
Staff					
Other (specify):					
<b>Total price for the Placentia Redevelopment Agency Audit Report:</b>					

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

**SUPPORTING SCHEDULE FOR THE PREPARATION OF THE ANNUAL STREET REPORT**

The audit firm shall prepare the Annual State Controller's Reports for the City of Placentia and the Placentia Community Redevelopment Agency, and also the Annual Street Report.

	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total FY 10-11</u>	<u>Total FY 11-12</u>	<u>Total FY 12-13</u>
<b>Partners</b>					
<b>Managers</b>					
<b>Supervisory staff</b>					
<b>Staff</b>					
<b>Other (specify):</b>					

**APPENDIX B**

**CITY-STANDARD TWO-PARTY AGREEMENT**

**(ATTACHED)**

MINUTES - PLACENTIA FINANCIAL AUDIT COMMITTEE  
REGULAR MEETING OF MARCH 14, 2011  
COMMUNITY MEETING ROOM

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**CALL TO ORDER:** Chairman Benuzzi called the meeting to order at 7:01 p.m.

**ROLL CALL:**

Present: James Benuzzi, Craig Green, Mark McCallick  
Absent: David Mooberry (excused)

**PUBLIC PRESENT:** Kevin Pulliam, Vavrinek, Trine, Day & Co., Diana Acosta, Vavrinek, Trine, Day & Co

**STAFF PRESENT:** Karen Ogawa, Director of Finance; Mike Nguyen, Finance Services Manager; Troy Butzlaff, City Administrator; Eric Hendrickson, Accountant; Scott Nelson, Mayor; Teri Knutson, Administrative Assistant

**COMMENTS** – Mayor Nelson informed the committee the RFP for city auditing services was going to soon be coming before the City Council and that he was going to support it. Mayor Nelson stated that “we have an issue to the citizens to have fiscal responsibility” and that after three years we should be going out for bid for new auditors.

1. **Approval of Minutes – MOTION** by Chairman Benuzzi, to approve the minutes of November 8, 2010. **SECONDED** by member Green **MOTIONED CARRIED (2-0-1-1)** (McCallick abstain)
2. **Discussion on the Redevelopment Financial Statements for the period ended June 30, 2010 –**

Kevin Pulliam updated the committee on the RDA financial statement.

A discussion took place on the material weaknesses, with an emphasis of that on the City statement that there is a negative cash balance. However, in the findings there are footnote disclosures for them. Troy Butzlaff informed the committee that staff has brought to council a policy stating what is and is not a permitted pertaining to transfer funds; and that staff reports to council on a quarterly basis on monies that have been borrowed and any amount of money that is not paid by the end of the fiscal year, there will be a note issued by the Council that will agree to the terms of the repayment to that fund.

3. **Review of the City’s draft Financial Report and draft Single Audit report for the period ended June 30, 2010 -**

Kevin Pulliam updated the committee on the draft Financial Report.

Kevin Pulliam stated that most of the findings for the Financial Report are repeat findings from the Redevelopment Agency because they blend into the Single Audit and deal with the same internal controls with the City.

Kevin Pulliam then reviewed the Management Letter, stating that progress is being made on some of them, but they are going to be keeping them in the Management Letter for tracking purposes. Most of the letter is outlining upcoming GASB announcements; GASB 54 will have an impact on Fiscal Year 2011. It changes the classification of Fund Balance and defines more specifically governmental funds.

Chairman Benuzzi inquired as to if there were any items on the Single Audit that needed to be emphasized. Kevin Pulliam stated that everything is unqualified on the single audit.

**MOTION** by member Green to submit the Redevelopment Agency Financial Statements, Management Letter, and Single Audit report to the City Council to receive and file, **SECONDED** by member McCallick, **MOTION CARRIED (3-0-1)**.

**4. Update on the Fiscal Year 2008-09 and 2009-10 Corrective Action Plan for the Redevelopment Agency Financial Statements, draft Single Audit report and draft Management Report –**

Karen Ogawa updated the committee on the corrective action plans for FY 2008/09. Karen stated that on page 9 cost allocation study, the RFP went out in February and the contract will be awarded within the next couple of months, with implementation before June 30<sup>th</sup>. Page 10 eligibility for gas tax, a time study was performed in December 2010. Page 16 physical inventories, staff will be investigating the costs of a physical inventory of capital assets; if it is a reasonable amount Karen will try and place it in the budget for next year.

Karen Ogawa reviewed the Management Letter stating that there have been no changes and everything has been implemented in 2010.

Karen Ogawa reviewed the Redevelopment Agency Financial Report stating that there have been no changes.

Karen Ogawa updated the committee on the corrective action plans for FY 09/10. Karen stated that the Single Audit Report context has changed slightly so there is a finding. Finding 1. The city's internal controls are getting better however; they are still weak and need to be improved. Staff responded by saying that yes we understand the finding but now we have the staff resources and we are addressing the problems such as bank reqs, fiscal agent statements etc.

Chair Benuzzi inquired as to how current we are on the Treasurers Report? Karen Ogawa stated the staff is waiting for the Treasurer to review and sign the January reports. February will be closing within the next couple of weeks.

Karen Ogawa reviewed the Management Letter stating that staff will be preparing an SOP for documentation of physical inventory and will be completed by June 2011.

Karen Ogawa reviewed the Redevelopment Agency Financial Report stating that a number of items that were in the Single Audit are reflected in the RDA Report. Finding 8. Housing Data Base, the City has contracted with a consulting firm to create a data base; on the City website is a section for low mod housing usage. When the expenditures outside the project area were discovered staff went to council and with a resolution of findings that states even though the expenditures are outside of the project area it still qualifies because it benefits the project area and that requires a resolution of findings.

**MOTION** by member Green to submit the Final Corrective Action Report to City Council to receive and file, **SECONDED** by member McCallick, **MOTION CARRIED (3-0-1)**.

**COMMITTEE COMMENTS:** None

**STAFF COMMENTS:**

Karen Ogawa stated that the Finance Department has sent the draft RFP for the auditing services to the committee members for review, and that to date there have been no changes or response from the committee members; staff is being asked when the RFP will be ready to go to council. Karen Ogawa asked the committee if they had any comments or revisions for the RFP, chairman Benuzzi stated that he has not had a chance to review the RFP, member McCallick stated that he has not had a chance to look at it either. Member Green stated that he thinks the city should not go out for RFP and that the City should get a one year extension with VTD and that it is a waste of money and time!

Member McCallick stated that he understood where the Mayor was coming from and that the auditing companies are getting hit hard in these economic times and that it probably isn't a bad idea to go out for RFP and that there are only a few firms that do cities. Member Green stated that VTD only has one more extension and he thinks that we should take advantage of that and after that go out for RFP. Member McCallick stated that he was not aware of that. Chairman Benuzzi stated that there is one more one year option because there was a three year option with two mutual one year options. Member McCallick agreed with the one year extension. Member Green stated again that he thinks it's a waste of staff time and money. Member McCallick stated that it sounds like it's already going, Karen Ogawa said that is not the case and that we only have the RFP drafted. Member Green said not necessarily and that he was going to call Mayor Nelson when he leaves here. Chairman Benuzzi stated that it is good to have the RFP drafted, members Green and McCallick agreed. Member McCallick stated that in all fairness he doesn't believe that one year is going to make that big of difference, member Green agreed. Member Green stated that we are at a point right now where we should keep their expertise here, one more year will get us to the point to where we can do an RFP. Chairman Benuzzi stated that it's a mutual option and that VTD may not want to come back. Karen Ogawa stated that they need to make some profits and that we were probably not a profitable agency. Member Green inquired as to if the RFP was on the next City Council meeting agenda? Karen Ogawa stated that it was not and that she only sent copies to the audit committee and the ADHOC committee for its review, comments and revisions. Member Green stated that staff has really worked their butts off and that he thinks one more year with VTD they would bring us to where we really need to be and they know the players and they know what's going on; Member McCallick asked Karen if she had any

objection to that? Karen stated that she likes VTD but she thinks that the timing of them executing the reports was unacceptable; she had spoken to Kevin and Diana both about the October 22 due date for staff to get the required deliverables to them which we meet and VTD agreed to the dates and had changed them several times. VTD had explained that there was more information than they originally thought and that was why there were delays; Karen stated that she had asked VTD why they didn't take unforeseen occurrences into account because she did when she was figuring out her deadlines. Karen stated that she has never had an audit take so long. Member Green stated that if you look at the history and the things that have had to be overcome a bit of a delay is nothing compared to the mountain that had to be climbed here. Karen stated that if we are going to use them next year they really need to adhere to agreed upon schedule dates. Chairman Benuzzi and member McCallick agreed with that statement. Karen stated that she doesn't want to see another finding because the agency filed late, because we got dinged on that.

**ADJOURNMENT: MOTION** by chairman Benuzzi, to adjourn to the next regular meeting on Monday, April 11, 2011 at 7:00 p.m., **SECONDED** by member McCallick, **MOTION CARRIED (3-0-1)** The meeting adjourned at 9:58 p.m.

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Karen Ogawa  
Director of Finance