

CITY OF ALISO VIEJO



REQUEST FOR PROPOSALS

PROFESSIONAL AUDITING SERVICES FY 2015-16 THROUGH FY 2020-2021

**PROPOSALS DUE BY
MONDAY, MARCH 14, 2016**

BY 5:00 P.M.

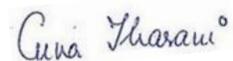
February 11, 2016

The City of Aliso Viejo is inviting Requests for Proposals (RFP) for Professional Auditing Services.

A detailed Request for Proposal is attached for your reference and information. Proposals are due on or before 5:00 p.m. Monday, March 14, 2016.

Any questions regarding the Request for Proposal should be directed to Gina Tharani, Director Financial Services/City Treasurer, at (949) 425-2520.

Thank you for your interest, and I look forward to receiving your submittal.



Gina Tharani,
Director Financial Services/
City Treasurer
City of Aliso Viejo

**CITY OF ALISO VIEJO
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES**

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**CITY OF ALISO VIEJO
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES**

I. INTRODUCTION

A. *General Information*

The City of Aliso Viejo is requesting proposals from qualified certified public accountant firms to audit its financial statements for the five fiscal years beginning with the fiscal year ending June 30, 2016, in addition to performing other financial audits and reviews as specified below. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in Government Auditing Standards (2011) issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Uniform Guidance Audits of State and Local Governments and Non-Profit Organizations.

There is no expressed or implied obligation for the City of Aliso Viejo to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt.

To be considered, four (4) copies of a proposal must be received by Gina Tharani, Director of Financial Services/City Treasurer at 12 Journey, Suite 100, Aliso Viejo, CA 92656, by 5:00 P.M. on March 14, 2016. 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.

In addition, the proposer shall submit four (4) copies of a Sealed Dollar Cost Proposal in a separate sealed envelope marked as follows:

Sealed Dollar Cost Proposal
CITY OF ALISO VIEJO
Professional Auditing Services
March 14, 2016

During the evaluation process, the City of Aliso Viejo reserves the right, where it may serve the City's best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of the City of Aliso Viejo, 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 idea(s) in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in the request for proposals, unless clearly

and specifically noted in the proposal submitted and confirmed in the contract between the City of Aliso Viejo and the firm selected.

Following the selection of the firm, a recommendation and proposed contract will be prepared for review and approval by the City Council at its May 18, 2016 meeting.

B. *Term of Engagement*

It is the intent of the City to contract for the services presented herein for an initial term of five (5) years. The proposal package shall present an all-inclusive audit fee for each year of the contract term with the additional services broken out separately in the proposals. Exhibit "B"

C. *Subcontracting*

Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

II. NATURE OF SERVICES REQUIRED

A. *Scope of the Work to be Performed*

The City of Aliso Viejo desires a Comprehensive Annual Financial Report (CAFR) for the City of Aliso Viejo to be prepared by the independent auditor for the fiscal years ended June 30, 2016 through June 30, 2021 in compliance with the audit firm's contract with the City. The City submits its CAFR to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program. The City has received this award since incorporation.

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 of Aliso Viejo. 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 prepare all financial statements and schedules as required for the preparation of the CAFR including GASB 34, 45 and 68 reconciliations and schedules for the MD&A. 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 Special Revenue fund of the City.

2. The audit firm will perform a single audit on the expenditures of federal grants in accordance with OMB Uniform Guidance 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 Uniform Guidance. 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.
3. 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.
4. 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 and the Director of Financial Services/City Treasurer.
5. The audit firm shall prepare the Annual State Controller's Report and the Annual Street Report for the City of Aliso Viejo.
6. The audit firm shall review the City's investment policy and portfolio.
7. Conduct a financial and compliance audit for the City's Conference Center and Aquatic Center.

Additional Auditing Services

The audit firm may be required to perform the following services:

8. Conduct a transient occupancy tax audit of hotels operating in Aliso Viejo. Currently, there is one hotel open with the other scheduled to be opened within the fiscal year.
9. Conduct an audit and financial review of the City's franchise refuse hauler for compliance with franchise provisions.
10. Conduct an audit and financial review of the City's cable franchise and other video service providers for compliance with franchise provisions.
11. Other audits/financial reviews may also be identified during the term of the contract.

B. Auditing Standards to be Followed

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 Accounts;
2. The standards applicable to financial audits contained in Government Auditing Standards (2011 Revision), issued by the Comptroller General of the United States;
3. The provisions of the Single Audit Act as amended in 1996; and
4. The provisions of OMB Uniform Guidance, Audits of State and Local Governments and Non-Profit Organizations.

C. Working Paper Retention

All working papers and reports must be retained at the auditor's expense for a minimum of five (5) years, unless the firm is notified in writing by the City of Aliso Viejo of the need to extend the retention period. The auditor will be required to make working papers available to the City of Aliso Viejo or any government agencies included in the audit of federal grants. 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.

D. 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; Director of Financial Services/City Treasurer; and the City Attorney.

III. DESCRIPTION OF THE GOVERNMENT

A. Background Information

The City of Aliso Viejo was incorporated July 1, 2001, as a general law city which, operates under the council/manager form of government. The City encompasses approximately seven (7) square miles; serves an approximate population of 50,000 people and is located in southern Orange County.

The City provides municipal services primarily through contracts for police and fire services, public works, engineering, building, code enforcement, recreation, and legal services. The City's fiscal year begins on July 1 and ends on June 30.

The Aliso Viejo Public Facilities Corporation was established in July 2006 for the purpose of providing lease financing to the City for the acquisition of an existing office building to serve as the City Hall facility.

More detailed information on the government and its finances can be found in the City's FY 2015-2016 Adopted Budget document; Five-Year Strategic Plan FY 2015-2020 and the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The budget and the CAFR are available on the City's website at www.cityofaliso Viejo.com.

The City's operating budget for FY 2015-2016 is approximately \$22 million for all funds combined.

B. Fund Structure

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

Fund Type/Account Group	City
General Fund	1
Special Revenue Fund	11
Debt Service Fund	0
Capital Projects Fund	3
Fiduciary Fund	3
General Fixed Assets Account Group	1
General Long-Term Debt Account Group	1

The City had a total of five (5) major funds for Fiscal Year Ending June 30, 2015, including the General Fund and four (4) Special Revenue Funds.

C. Pension Plans

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

The City offers a 457 Deferred Compensation and a PARS retirement plan to all council members and regular employees.

D. Joint Ventures

The City of Aliso Viejo participates in the Orange County Fire Authority joint venture and the California Joint Powers insurance Authority.

E. Magnitude of Finance Operations

The Financial Services Department has been headed by Gina Tharani, Director of Financial Services/City Treasurer since 2002 and consists of a total of four employees. The principal functions performed by the department are as follows:

Function
Accounting
Budgeting
Payroll
Purchasing
Fixed Asset Management
Treasury
Cash Management
Long Term Debt
Information Technology Systems

F. Computer Systems

The City's computerized systems environment is standardized on Windows 7/Office 2010. The accounting functions are computerized using Tyler Technology/VX Systems software and is SQL based. The applications operating on this system are general ledger, accounts payable, fixed assets, project accounting and, purchase orders. Finance staff has various levels of access on the financial software, depending on their duties. Other staff throughout the City has limited access to Tyler VX for reporting/inquiry purposes.

G. Availability of Prior Reports and Work Papers

Lance, Soll and Lunghard, LLP in Brea, California conducted the City's most recent audit. The work papers of the previous audits are the property of the previous auditor and may be reviewed by the successful Proposer. The following financial statements were prepared or audited by Lance, Soll and Lunghard.

1. City of Aliso Viejo Comprehensive Annual Financial Report;
2. State Controllers; and
3. Street Report
4. Appropriations Limit

IV. TIME REQUIREMENTS

A. Proposal Calendar

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

ACTIVITY	DATE
Request for Proposal issued	February 11, 2016
Due date for proposals (due by 5:00 p.m.)	March 14, 2016
Oral Presentation/Interviews (Conducted at City's discretion- Week of..)	April 4, 2016
Selected firm notified	April 25, 2016
Contract awarded by City Council	May 18, 2016

B. *Date Audit May Commence*

Audit planning, documentation of systems of internal control and compliance and transaction testing should be completed during the interim stage. Interim work may commence as early as May 2015. For the annual financial audit, City finance staff will have all records ready for the year-end field work portion of the audit and be ready to close its books by the first week of September.

C. *Date Reports Are Due*

The auditor shall provide all drafts and recommendations for improvements to the Director of Financial Services/City Treasurer within a reasonable time period after the last day of field work. City finance staff will complete their review of the draft reports as expeditiously as possible. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the completed CAFR, Single Audit report (if applicable) and other reports shall be delivered to the Director of Financial Services/City Treasurer. It is the City's preference to have the annual audit completed by the auditor by the end of September and all reports finalized by the end of October. This will ensure a delivery of the final reports by mid November 2016.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. *Financial Services Department*

The Financial Services Department staff and responsible management 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 from drafts supplied by the auditor.

B. Work Area, Telephone, and Office Equipment

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

C. Statement and Schedules

Following are statements or schedules provided to the auditors by the Financial Services staff:

Bank and revenue confirmations

Detailed revenue and expense reports for all funds

Balance Sheet reports for all funds depicting year-end balances

Fixed Asset schedules

Due to/from, interfund transfers

Interest Allocation schedules

CIP transfers schedules

Budget Adjustments schedules

Reconciliations of pension costs to employer contributions

Trial Balance for all funds

Year-end bank reconciliations

Treasure's Report and Investment Policy

Appropriations limit calculation schedules

Street Report and State Controller Report schedules

Long Term Debt reconciliations and fiscal agent activity at year-end

Calculation of claims liability

Auditors will provide City staff with all conversion work papers, schedules and back up documentation as requested.

D. *Report Preparation*

Report preparation, editing, printing, binding shall be the responsibility of the auditor. Auditor shall provide the City with the following:

1. Comprehensive Annual Financial Report (CAFR) (15)
2. Single Audit Report (5)
3. Internal Controls Letter (5)
4. Appropriations Limit Report (5)
5. SAS 114 communication (5)
6. The completed CAFR in a editable and .pdf file format

VI. PROPOSAL REQUIREMENTS

A. *General Requirements*

1. Inquiries

Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made to:

Gina M. Tharani
Director of Financial Services/City Treasurer
12 Journey, Suite 100
Aliso Viejo, CA 92656
(949) 425-2520
gtharani@cityofalisoviejo.com

CONTACT WITH PERSONNEL OF THE CITY OTHER THAN THE ABOVE REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

2. Submission of Proposals

The following material is required for a proposing firm to be considered:

- a. 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.

- b. Table of Contents identifying the materials submitted by section and page number. Cross-referencing to section and page number in the RFP would be helpful.
- c. Signed Transmittal Letter briefly stating the Proposer's understanding of the work to be done; the commitment to perform the work within the time period; and the name(s) of the person(s) authorized to represent the Proposer, title, address, and telephone number.
- d. Detailed Proposal following the order set forth in Section B below.
- e. Complete and sign the Summary Sheet and provide the name, title, experience and qualifications of the personnel who will be assigned to the project. Exhibit "A".
- f. Complete Exhibit "B" detailing an all-inclusive audit fee for each year of the contract term with the additional services broken out separately in the proposals.
- g. Complete the Certificate of Qualifications to the City of Aliso Viejo. Exhibit "C".
- h. Complete the acknowledgement of compliance for insurance requirements and attach a copy of a valid insurance certificate for the firm's general liability, professional liability, and automobile insurance, and proof of adequate worker's compensation coverage for employees. Exhibit "D".
- i. Declaration of Political Contributions, signed under penalty of perjury, regarding disclosure of political contributions to City officials. Exhibit "E".
- j. Complete the acknowledgement for the Fraud Policy
- k. Proposers should send the completed proposal consisting of two (2) separate envelopes to the following address:

Gina M. Tharani
Director of Financial Services/City Treasurer
12 Journey, Suite 100
Aliso Viejo, CA 92656
Attn: Professional Auditing Services

- l. The proposer shall submit four (4) copies of a Sealed Dollar Cost Proposal in separate sealed envelope marked as follows:

Sealed Dollar Cost Proposal
CITY OF ALISO VIEJO
Professional Auditing Services
February 11, 2016

3. *Insurance*

Consultant shall procure and maintain insurance for the duration of any Agreement 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, or employees.

Types of Insurance Required: As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder and without limiting the indemnity provisions of the Agreement, the Consultant in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance. If the existing policies do not meet the Insurance Requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

- (a) Commercial General Liability: Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 0001, with minimum limits of at least \$1,000,000 per occurrence, and if written with an aggregate, the aggregate shall be double the per occurrence limit. Defense costs shall be paid in addition to the limits.

The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; or (3) contain any other exclusion contrary to the Agreement.

- (b) Automobile Liability: Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with minimum limits of \$1,000,000 each accident.
- (c) Professional Liability: Professional Liability insurance with minimum limits of \$1,000,000. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusion(s) that may potentially affect the work to be performed.

If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

- (d) Workers' Compensation: Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than \$1,000,000 per accident for bodily injury and disease.

Endorsements: Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval.

(A) The policy or policies of insurance required for (a) Commercial General Liability and (c) Contractor's Pollution Liability shall be endorsed to provide the following:

- (1) Additional Insured: The City, its officials, officers, employees, agents, and volunteers shall be additionally insured with regard to liability and defense of suits or claims arising out of the performance of the Agreement.

Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the Agreement.

- (2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(B) The policy or policies of insurance required for (b) Automobile Liability and (d) Professional Liability shall be endorsed to provide the following:

- (1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(C) The policy or policies of insurance required for (e) Workers' Compensation shall be endorsed to provide the following:

- (1) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the indemnified parties.
- (2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

Primary and Non-Contributing Insurance: All insurance coverages shall be primary and any other insurance, deductible, or self-insurance maintained by the indemnified parties shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

Waiver of Subrogation: Required insurance coverages shall not prohibit Consultant from waiving the right of subrogation prior to a loss. Consultant shall waive all subrogation rights

against the indemnified parties. Policies shall contain or be endorsed to contain such provisions.

Deductible: Any deductible or self-insured retention must be approved in writing by the City and shall protect the indemnified parties in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

Evidence of Insurance: The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates and endorsements on forms approved by the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

Failure to Maintain Coverage: Consultant agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been furnished to the City. The City shall have the right to withhold any payment due Consultant until Consultant has fully complied with the insurance provisions of this Agreement.

In the event that the Consultant's operations are suspended for failure to maintain required insurance coverage, the Consultant shall not be entitled to an extension of time for completion of the Services because of production lost during suspension.

Acceptability of Insurers: Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

Insurance for Subconsultants: All Subconsultants shall be included as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing Subconsultants to purchase the appropriate insurance in compliance with the terms of these Insurance Requirements, including adding the City as an Additional Insured to the Subconsultants policies.

B. Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry

more weight than the 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 proposals requirements.

The Technical Proposal should address all points outlined in the request for proposals (excluding any cost information which should only be included in the Sealed Dollar Cost Proposal). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of this request for proposals. While additional data may be presented, the following subjects must be included. They represent the criteria against which the proposal will be evaluated.

1. License to Practice in California

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

2. Independence

The firm should provide an affirmative statement that it is independent of the City of Aliso Viejo as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's Government Auditing Standards.

3. Firm Qualifications and Experience

To qualify the firm must have extensive experience in audits of local governments as well as experience with preparation of the Comprehensive Annual Financial Statements including GASB 34, 45 & 68 reconciliations and schedules for the MD&A.

The Proposer 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 on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. Staff consistency is an important consideration.

The Proposer should provide the range of activities performed by the local office, e.g., audit, accounting, tax service and/or management consulting services.

The Proposer must provide a list of all current municipal clients and a minimum of five references.

The Proposer is also required to submit a copy of a report on its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards - 2007).

The Proposer shall also 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 Proposer 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.

4. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to this engagement. Include resumes, indicating whether each such person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past (3) three years and membership in professional organizations relevant to the performance of this audit.

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. 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.

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

5. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last five (5) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Criteria to determine similarity should include:

- Audit included the preparation of the Comprehensive Annual Financial Report in conformance with the GASB 34 requirements.
- Information should be provided regarding clients that the firm serves that have received the CSMFO and GFOA awards.
- Municipalities complying with OMB Circular A-133.
- Transient occupancy tax and refuse and cable franchise audits.
- Preparation of the State Controller's Report and Street Report.

Please provide a list of not less than five (5) client references for which services similar to those outlined in the RFP are currently being provided. For each reference listed provide the name of the organization, dates for which the service(s) are being provided, type of service(s) being provided and the name, address and telephone number of the responsible person within the reference's organization. The City reserves the right to contact any or all of the listed references regarding the audit services performed by the Proposer.

6. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as City of Aliso Viejo' budget, CAFR, and related materials, organizational charts, programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation for 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 this engagement;
- d. Extent of use of computer software in this engagement;
- e. Type and extent of analytical procedures to be used in this engagement;
- f. Approach to be taken to gain and document an understanding of the City's internal control structure;
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work;
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance;
- i. Types of assistance expected from City staff; and
- j. Anticipated completion date of financial statements and notes, audit reports, and recommendations to management

7. Identification 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.

8. Report Format

The proposal should include sample formats for required reports.

NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.

C. Contents of Cost Proposal

1. Total All-Inclusive Maximum Price

The cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. 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 should not be included in the proposal.

The cost proposal should be submitted in the format provided in Attachment A, "AUDIT WORK COST PROPOSAL FORM" and Attachment B, "ESTIMATE OF COST."

2. Manner of Payment

Progress payment 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 proposal. Interim billings shall cover a period of not less than a calendar month. No more than 80% of the total fee may be billed prior to presentation of final audit reports and financial statements.

VII. EVALUATION PROCEDURES

A. Review of Proposals

Proposals submitted will be evaluated by a three-member Selection Committee.

B. Evaluation Criteria

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and 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 California.
- b. The firm has no conflict of interest with regard to any of the work performed by the firm for the City.
- c. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.

- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
- e. The firm's past experience and performance on comparable government engagements.
- f. 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.
- g. Adequacy of proposed staffing plan for various segments of the engagement.
- h. Thoroughness of approach to conducting the audit of the City and demonstration of the understanding of the objectives and scope of the audit.
- i. Commitment to timeliness in the conduct of the audit.
- j. Maximum fees to conduct the audit.

Attachment A

**CITY OF ALISO VIEJO
SUMMARY SHEET**

Firm Name: _____

Firm Parent or Ownership: _____

Firm Address: _____

Firm Telephone Number: _____

Firm Fax Number: _____

Number of years in existence: _____

Management Contact (person responsible for direct contact with the City of Aliso Viejo and auditing services required for this Request for Proposals):

Name: _____ Title: _____

Telephone Number: _____ Fax: _____

Email: _____

Project Manager (Person responsible for managing the audit at the client site and preparation of the audit work papers):

Name: _____ Title: _____

Telephone Number: _____ Fax: _____

Email: _____

Types of services provided by the firm: _____

Signature

Print Name

Title

This executed form must be submitted with the proposal.

Attachment B

CITY OF ALISO VIEJO

AUDIT WORK COST PROPOSAL FORM

Service	2015/16	2016/17	2017/18	2018/19	2019/20
City Audit, CAFR Preparation and Related Reports	\$	\$	\$	\$	\$
GANN Limit Review Report	\$	\$	\$	\$	\$
Single Audit and Related Reports	\$	\$	\$	\$	\$
City State Controllers Report	\$	\$	\$	\$	\$
City Street Report	\$	\$	\$	\$	\$
Total for Fiscal Year (not-to exceed)	\$	\$	\$	\$	\$

ADDITIONAL AUDITING SERVICES

Service	2015/16	2016/17	2017/18	2018/19	2019/20
Transient Occupancy Tax Audit	\$	\$	\$	\$	\$
Franchise Refuse Hauler Audit	\$	\$	\$	\$	\$
Cable Franchise Audit	\$	\$	\$	\$	\$

Attachment B

AUDITOR'S STANDARD BILLING RATES

Auditors Standard Hourly Billing Rates					
POSITION	2015/16	2016/17	2017/18	2018/19	2019/20
Partner	\$	\$	\$	\$	\$
Manager	\$	\$	\$	\$	\$
Senior Accountant	\$	\$	\$	\$	\$
Staff Accountant	\$	\$	\$	\$	\$
Clerical	\$	\$	\$	\$	\$

This executed form must be submitted with the proposal.

Attachment C

CITY OF ALISO VIEJO

CERTIFICATION OF QUALIFICATIONS

1. The undersigned hereby submits its proposal and, by doing so, agrees to furnish services to the City in accordance with the Request for Proposals (RFP), dated February 11, 2016 and to be bound by the terms and conditions of the RFP.
2. This firm has carefully reviewed its proposal and understands and agrees that the City is not responsible for any errors or omissions on the part of the proposer and that the proposer is responsible for them.
3. It is understood and agreed that the City reserves the right to accept or reject any or all proposals and to waive any informality or irregularity in any proposal received by the City.
4. The proposal includes all of the commentary, figures and data required by the Request for Proposals, dated February 11, 2016.
5. The proposal shall be valid for 90 days from February 11, 2016.

Name of Firm: _____

By: _____
(Authorized Signature)

Type Name: _____

Title: _____

This executed form must be submitted with the proposal.

Attachment D

CITY OF ALISO VIEJO
ACKNOWLEDGEMENT OF COMPLIANCE
WITH INSURANCE REQUIREMENTS
FOR AUDITING SERVICES

Auditor agrees, acknowledges and is fully aware of the insurance requirements as specified in **Insurance Requirements** of the Request for Proposals for Auditing Services, and accepts all conditions and requirements as contained therein.

Firm: _____
Name (Please Print or Type)

By: _____
Signature

Date: _____

This executed form must be submitted with the proposal.

Attachment E

CITY OF ALISO VIEJO

DECLARATION OF POLITICAL CONTRIBUTIONS

Using the space provided below, please list any political contributions of money, in-kind services, or loans made to any member of the City Council within the last twelve (12) months by the applicant and all of applicants employees, including any employee(s) that applicant intends to assign to perform the work or services described in Agreement dated _____. If none, please state so:

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and was executed at:

City, State

Date

Name of Business

Print Name

Signature

This executed form must be submitted with the proposal.

Attachment F

CITY OF ALISO VIEJO

ACKNOWLEDGMENT OF RECEIPT OF FRAUD POLICY

I hereby acknowledge that I have received a copy of the City's "Fraud Prevention Policy" dated October 1, 2008. I understand that I am to promptly read its contents and distribute copies to employees assigned to perform Services for the City of Aliso Viejo.

To the extent that provisions of this policy conflict with previously issued policies or practices, whether or not such policies and practices were contained in written policies, this policy shall prevail.

Name of Business

Print Name

Signature

Date

This executed form must be submitted with the proposal.