

TOWN OF PARADISE  
REQUEST FOR PROPOSALS  
For  
PROFESSIONAL AUDITING SERVICES



Ross Gilb  
Finance Director/Town Treasurer  
Town of Paradise  
5555 Skyway  
Paradise, CA 95969

**TOWN OF PARADISE  
REQUEST FOR PROPOSALS  
PROFESSIONAL AUDITING SERVICES**

**I. INTRODUCTION**

The Town of Paradise (Town) is requesting proposals from qualified certified public accountant firms to audit its financial statements for the three (3) fiscal years ending June 30, 2022, 2023, and 2024 in addition to performing other reviews as specified below. At the option of the Town, the auditing engagement may be extended for two (2) subsequent fiscal years by written amendment. 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 Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States, the U.S. Office of Management and Budget Uniform Grant Guidance/Super Circular Audits of State and Local Governments and Non-Profit Organizations, and other applicable laws regulations and rules.

There is no expressed or implied obligation for the Town of Paradise 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, three (3) copies of the proposal must be received by the Town Clerk at 5555 Skyway, Paradise, CA 95969 by **4:00 P.M. on March 21, 2022**. The outside of the envelope should be marked: "AUDITING SERVICES PROPOSAL" and if possible, please include a CD with a PDF document of the proposal. The Town reserves the right to reject any or all proposals submitted.

During the evaluation process, the Town of Paradise reserves the right, where it may serve the Town's best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of the Town of Paradise, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Town 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 Town of Paradise and the firm selected.

It is anticipated the selection of a firm will be completed by April 1, 2022. Following the notification of the selected firm, a recommendation and proposed contract will be prepared for review and approval by the Town Council at its **April 12, 2022** meeting. The Town 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.

## **II. NATURE OF SERVICES REQUIRED**

### **A. Scope of the Work to be Performed**

The Town of Paradise desires annual financial statements to be prepared and audited by the independent auditor for the fiscal year ending June 30, 2022, and each of the subsequent years included in the audit firm's contract with the Town. The selected independent auditor will be required to perform the following tasks. Any exceptions to these requirements should be clearly indicated in the proposal.

1. The audit firm will perform an audit of all funds of the Town of Paradise. 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 Town's Financial Reports will be prepared and word processed by the audit firm. The audit firm will render their audit 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 Town.

Management's discussion and analysis, and certain note schedules will be prepared by the Town and submitted electronically to the auditors for inclusion in the Town's financial statements.

2. The audit firm will perform a single audit on the expenditures of federal grants in accordance with U.S. Office of Management and Budget Grant Guidance/Super Circular. It will render the appropriate audit reports on the Internal Control over Financial Reporting based upon the audit of the Town'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.

The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings, and questioned costs, including reportable conditions and materials and weaknesses, and follow upon prior audit finding where required.

3. The audit firm shall perform agreed-upon auditing procedures pertaining to the Town's GANN Limit (Appropriations Limit) and render a letter annually to the Town 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 Town Council and the Town Manager.
5. The audit firm shall prepare annual State Controller's Reports for the Town of Paradise except for the Annual Street Report. The Annual Street Report will be prepared by the Town of Paradise.
6. The audit firm may be consulted throughout the year as an information resource and may be asked to provide guidance on implementing Federal and State regulations

or GASB pronouncements as they may affect local government accounting. This would not include any task that entails significant research or a formal report.

**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 the most recent version of *Government Auditing Standards*, issued by the Comptroller General of the United States;
3. The provisions of the Single Audit Act as amended; and
4. The provisions of U. S. Office of Management and Budget (OMB), Audits of State and Local Governments and Non-Profit Organizations.
5. Guidance for federal awards and agreements as provided in the Code of Federal Regulation (CFR) 2 Part 200, Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards.
6. Any other applicable standards for conducting examination of those items outlined in the Scope of Services and/or reports to be issued.

**C. Working Paper Retention**

All working papers and reports must be retained at the auditor's expense for a minimum of seven (7) years, unless the firm is notified in writing by the Town of Paradise of the need to extend the retention period. The auditor will be required to make working papers available to the Town of Paradise 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. Coordination Requirements**

1. All audit work will be coordinated with the Finance Director, who will facilitate staff scheduling and year-end closing.
2. The auditor shall provide periodic progress reports while performing the audit fieldwork. These reports shall identify problems encountered or foreseen, deficiencies in work performed by Town staff, disagreements over the application of accounting principles, and other items that could result in delay of the audits or other reviews.

3. The Town expects that the professional staff provided by the independent audit firm will be fully qualified with the appropriate experience, and that answers and guidance will be provided by audit executives to senior and junior staff.

**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: Town Manager and Town Attorney.

**III. General Information**

**A. Background Information**

The Town of Paradise is located in beautiful northern California, in Butte County, approximately 90 miles north of Sacramento. The Town of Paradise is a full service Town with over 5,000 residents. Incorporated in 1979, the Town provides a wide range of municipal services, including police and fire protection, community planning, building and safety, street maintenance, and onsite wastewater monitoring services. The Town is managed under the Council/Town Manager form of government. The annual operating and capital budgets total approximately \$66 million, including \$15 million in the General Fund. It has a work force of 71 full-time and 12 part-time employees. The Town's fiscal year begins on July 1 and ends on June 30.

**B. Fund Structure**

The Town of Paradise uses the following fund types and account groups in its financial reporting:

<b>Fund Type/Account Group</b>	<b>Town</b>
General Fund	1
Special Revenue Fund	47
Capital Project/Grant Fund	14
Fiduciary Fund	5
Successor Agency	2
General Fixed Assets Account Group	1
General Long-Term Debt Account Group	1

**C. Computer Systems**

The Town's computerized systems are run on a Network. The accounting functions are computerized using New World Systems accounting software. The applications operating on this system are general ledger, accounts payable, accounts receivable, payroll and budget.

**D. Work Area, Telephone, and Office Equipment**

The Town will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to a telephone, a computer with access to the general ledger system, and photocopying and FAX machines.

**E. Availability of Prior Reports and Work Papers**

Mann, Urrutia, Nelson, CPAs and Associates of Sacramento, CA conducted the Town's most recent audit. The work papers of the previous audits are the property of the previous auditor and can be reviewed by the successful Proposer. The Town's annual financial statements with independent auditor's report and budgets are available on the Town's website at [www.townofparadise.com](http://www.townofparadise.com).

**F. 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.

**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:

<u>Date</u>	<u>Activity</u>
February 16, 2022	Request for Proposal issued
March 21, 2022	Due date for proposals (due by 4:00 p.m.)
March 28 - 31, 2022	Oral Interviews (conducted at Town's discretion)
April 12, 2022	Contract awarded by Town Council

**B. Audit Schedule**

The planning phase of the audit engagement may commence upon award by Town Council and execution of the contract. The auditor will provide the Town with an audit plan and list of required documents at least two weeks prior to the beginning of fieldwork. The Town plans to have the books closed and all agreed upon schedules available for the auditors by November 1<sup>st</sup> each year.

**C. Date Reports Are Due**

The auditor shall provide all drafts and recommendations for improvements to the Town Manager and the Finance Director within a reasonable time period after the last day of fieldwork. 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 financial statements, Single Audit report and other reports shall be delivered to the Finance Director. It is anticipated that this process will be completed and the final products to be delivered by December 31<sup>st</sup> each year.

**V. PROPOSAL REQUIREMENTS**

**A. General Requirements**

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

Ross Gilb  
Finance Director/Town Treasurer  
5555 Skyway  
Paradise, CA 95969  
(530) 872-6291 x 119  
rgilb@townofparadise.com

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

2. Three (3) copies of the Proposal shall be received by the office of the Town Clerk of the Town of Paradise by 4:00 p.m. on March 21, 2022 for a proposal to be considered. The Proposal should address the items listed in sections B below.

The Proposal should be addressed as follows:

**“Auditing Services Proposal”  
Town of Paradise  
Attn: Town Clerk  
5555 Skyway  
Paradise, CA 95969**

**B. Proposal Content**

1. Title Page

Show the request for proposal subject; the firm’s name; the name, address, telephone number, and email address of the contact person; and the date of the proposal.

2. Table of Contents

Identify the materials submitted by section and page number.

3. Signed Transmittal Letter

Briefly state 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 signed by the person authorized to represent the audit firm.

#### 4. Contents of Proposal

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the Town 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 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 proposal should address all points outlined in the request for proposals. 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.

a) 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.

b) Independence

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

c) Firm Qualifications and Experience

To qualify the firm must have experience in governmental audits of cities in the State of California, as well as experience with preparation of annual financial statements.

- (1) State whether your audit organization is national, regional, or local and indicate the location of the office that has responsibility for the audit.
- (2) Indicate 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.
- (3) Describe specialized services that the firm has provided for municipalities, such as transient occupancy tax audits, franchise fee audits, and/or management consulting services.
- (4) Provide a list of all current municipal clients.
- (5) Submit a copy of the report on its most recent external quality control review (peer review). Include a statement whether that quality control



review included a review of specific government engagements (required by Government Auditing Standards).

- (6) 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, 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.
- (7) 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 Town. However, in either case, the Town 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.

- (8) 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 - 5) 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. Information should be provided regarding clients that the firm serves that have received the CSMFO and GFOA awards.

The Town reserves the right to contact any or all of the listed references regarding the audit services performed by the proposer. In addition, the Town reserves the right to contact clients who are not listed as references.

(9) Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the required services as stated within this request for proposals. In developing the work plan, reference should be made to such sources of information as Town of Paradise's budget and related materials, organizational charts, manuals, 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 electronic data processing 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 Town's internal control structure;
- (g) Approach to be taken in determining laws and regulations that will be subject to audit test work; and
- (h) Approach to be taken in drawing audit samples for purposes of tests of compliance.

(10) Fees for Service

The 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 contain all direct and indirect costs including all out-of-pocket expenses.

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

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

## **VI. EVALUATION PROCEDURES**

Proposals will be evaluated in two phases. 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.

### **A. Mandatory Criteria**

1. The audit firm is independent and licensed to practice in California. The firm has no conflict of interest with regard to any of the work performed by the firm for the Town.
2. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
3. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

### **B. Selection Criteria**

1. The firm's past experience and performance on comparable government engagements.
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. Adequacy of proposed staffing plan for various segments of the engagement.
4. Thoroughness of approach to conducting the audit of the Town and demonstration of the understanding of the objectives and scope of the audit.
5. Commitment to timeliness in the conduct of the audit.
6. Maximum fees to conduct the audit.

**Attachment A**

**AUDIT WORK COST PROPOSAL FORM**

<b>Service</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
Town Audit and Related Reports	\$	\$	\$
GANN Limit Review Report	\$	\$	\$
Single Audit and Related Reports	\$	\$	\$
Annual State Controller Reports (not including Annual Street Report)	\$	\$	\$
Total for Fiscal Year (not-to exceed)	\$	\$	\$

**Attachment B**

**ESTIMATE OF COST**

Name of Firm:

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Address:

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Contact Name:

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Contact Phone #: \_\_\_\_\_ Fax \_\_\_\_\_

Contact Email:

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**Auditor's Standard Billing Rates**

<b>Auditors Standard Hourly Billing Rates</b>			
<b>POSITION</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b>Partner</b>	\$	\$	\$
<b>Manager</b>	\$	\$	\$
<b>Senior Accountant</b>	\$	\$	\$
<b>Staff Accountant</b>	\$	\$	\$
<b>Clerical</b>	\$	\$	\$