

CITY OF BUELLTON  
REQUEST FOR PROPOSAL  
FOR  
AGREED-UPON PROCEDURES AUDITING SERVICES



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**CITY OF BUELLTON  
REQUEST FOR PROPOSALS  
PROFESSIONAL AUDITING SERVICES**

**I. INTRODUCTION**

**A. General Information**

The City of Buellton (“City”) is requesting proposals from qualified firms of certified public accountants to perform agreed-upon procedures on the Private Developer Projects (Private Projects) for the past fourteen (14) years (FY2004 - FY2017). The proposal should include a review of activity related to all deposits, revenue and expenditures for Private Projects. These agreed-upon procedures are to be performed in accordance with Attestation Standards of the American Institute of Certified Public Accountants (AICPA). Standards set forth in Statement on Attestation Engagements, AT Section 201 and AT-C Section 215 (SSAE No. 10; SSAE No. 11; SSAE No 18.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, three (3) copies of a proposal must be received by Carolyn Galloway-Cooper, Finance Director, at City of Buellton, P.O. Box 1819, Buellton, California 93427 by 3:00 p.m. on March 27, 2017. The City reserves the right to reject any or all proposals submitted.

During the evaluation process, the City reserves the right to request additional information or clarification from Proposers, or to allow corrections of errors or omissions. At the discretion of the City, 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 use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in writing by the firm in the proposal submitted and confirmed in the contract between the City and the selected firm.

It is anticipated that a recommendation on a firm will be made by the end of March 2017. Following notification of the selected firm and it is expected a contract will be executed between both parties by at the April 13, 2017, City Council meeting.

**B. Term of Engagement**

It is the intent of the City to contract for the services presented herein for a single engagement to analyze the City’s Private Project accounts and determine the accuracy of the current balance reflected in each account. The City of Buellton and the auditor will establish a timeline to perform agreed upon procedures and issue a report of findings.

## **II. NATURE OF SERVICE REQUIRED**

### **A. General**

The City is soliciting the services of qualified firms of certified public accountants to perform agreed upon procedures of the Private Projects to determine if the balance is correct. The review will begin with fiscal year 2003-04 through March 31, 2017. The procedures are to be performed in accordance with the provisions contained in this Request for Proposals.

### **B. Scope of Work to be Performed**

The City desires a review of revenue, expenditures and deposits related to Private Projects. Initial deposits are based on several sources: (1) planning fee deposits; (2) deposits for special studies; and (3) deposits for plan checks, map checks, and inspection services through Public Works/Engineering. Subsequent deposits are based on expenditure reimbursements that prior deposits do not cover. The City replaced its financial accounting system in September 2015. The replacement system utilizes a Private Project module that tracts all project activity by individual project. The legacy system dates back to July 1, 2003. The period July 1, 2003 through June 30, 2013 utilized revenue and expenditure accounts to record individual project activity. Beginning July 1, 2013, the Finance staff created a Developer Deposit liability account that accumulated the revenue (deposits) and expenditures. The new system continues to utilize the Developer Deposit liability account but also tracks each individual project within the Private Project module, which functions as a subsidiary account separate from the General Ledger. The engagement is to be performed by an independent auditor and be fully compliant with the AICPA guidelines for Agreed-Upon Procedures Engagements. A report will be issued and findings reported regarding the results of applying the Agreed-Upon Procedures upon the Private Developer Project Account balances.

### **C. Auditing Standards to be Followed**

To meet the requirements of this Request for Proposals, the engagement shall be performed in accordance with AICPA guidelines for Agreed-Upon Procedures.

### **D. Reports to be Issued**

Following the completion of the Agreed-Upon Procedures, the auditor shall issue:

- a) A report explaining the procedures performed and the findings related to the Private Project balances to both the City Manager and the Finance Director.
- b) Present to the City Council.

### **E. 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 five (5) 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 City.

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. Location of the City's Offices**

The City of Buellton is located in the Santa Ynez Valley of Santa Barbara County, approximately 40 miles northwest of the City of Santa Barbara. The City's offices are located at 107 W. Highway 246, Buellton, California 93427. Phone Number: 805-688-5177. The auditor's principal contact with the City will be Carolyn Galloway-Cooper, Finance Director, or a designated representative, who will coordinate services with the auditor.

#### **B. Background Information**

The City of Buellton was incorporated on February 1, 1992 as a general law city of the State of California. The voters approved the incorporation in November of 1991. On July 1, 1992 the City took over all the assets and liabilities of the Buellton Community Services District. The City's fiscal year begins on July 1 and ends on June 30 each year. The City serves an area of 1.6 square miles with a population of 4,957.

#### **C. Computer Systems**

The City's computerized systems are run utilizing a Windows Terminal Server (WTS) environment. The accounting functions are computerized using Tyler software. The applications operating on this system are General Ledger, Accounts Payable, Bank Reconciliation, Cashiering, Fixed Assets, Project Accounting, Purchasing, Utility Billing and Payroll/Personnel Management.

#### **D. Availability of Prior Audit Reports and Working Papers**

Interested Proposers who wish to review prior years' audit reports and management letters should contact Carolyn Galloway-Cooper, P.O. Box 1819, Buellton, California 93427, (805)-686-7422.

The City will also endeavor to make prior audit reports and supporting working papers available to Proposers upon request.

### **IV. TIME REQUIREMENTS**

#### **A. Proposal Calendar**

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

<u>Date</u>	<u>Activity</u>
March 9, 2017	Request for Proposal issued

March 27, 2017  
April 13, 2017  
May 31, 2017

Due date for Proposals (due by 3:00 p.m.)  
Contract awarded by City Council  
Report completed (Tentative)

**B. Date Agreed Upon Procedures May Commence**

The City intends to have all records ready and all management personnel available to meet with the firm's personnel by April 17, 2017.

**C. Schedule for the Agreed-Upon Procedures**

The auditor and the City will agree to a schedule for:

1. Field Work
2. Draft Reports

**D. Final Report**

- Three (3) signed copies of the Report of Findings are to be delivered to Carolyn Galloway-Cooper, Finance Director at the City at P.O. Box 1819, Buellton, California 93427.

**A. Work Area, Telephones, Photocopying and Fax Machines**

The City will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to a telephone, photocopying and fax machines. The auditor can be provided inquiry access to the City's finance system to expedite their auditing procedures.

**B. Report Preparation**

Report preparation, editing, printing and binding shall be the responsibility of the auditor.

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

**A. Finance Department and Clerical Assistance**

The Finance Department staff and responsible management personnel will be available during the Agreed-Upon Procedures engagement to assist the firm by providing information, documentation and explanations.

**B. Work Area, Telephones, Photocopying and Fax Machines**

The City will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to a telephone, photocopying and fax machines. The auditor can be provided inquiry access to the City's finance system to expedite their auditing procedures.

### **C. Report Preparation**

Report preparation, editing, printing and binding shall be the responsibility of the auditor.

1. Issue a written report that describes the procedures applied and the findings (three copies).

## **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:

Carolyn Galloway-Cooper, Finance Director  
City of Buellton  
P.O. Box 1819  
Buellton, CA 93427  
(805) 686-7422  
[carolync@cityofbuellton.com](mailto:carolync@cityofbuellton.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 Proposal

The following material must be received **by 3:00 p.m. on March 27, 2017** for a proposal firm to be considered:

A master copy marked "Proposal" and two (2) copies to include the following:

- 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) 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; the name(s) of the person(s) authorized to represent the Proposer, title, address and telephone number; and a statement that the proposal is a firm and irrevocable offer for sixty (60) days.
  - c) Detailed Proposal following the order set forth in Section VI (b) of this Request for Proposals.
3. The Proposer shall submit an original and two (2) copies of a Sealed Dollar Cost Bid in a separate sealed envelope marked as follows:

**SEALED DOLLAR COST BID PROPOSAL  
CITY OF BUELLTON  
FOR  
AGREED-UPON PROCEDURES  
[DATE]**

4. Proposers should send the completed proposal including the two separate envelopes to the following address:

Carolyn Galloway-Cooper, Finance Director  
City of Buellton  
P.O. Box 1819  
Buellton, CA 93427

**B. Technical Proposal**

1. General Requirements

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 the proposal 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.

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

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 Bid). The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the Proposer's capabilities to satisfy the requirements of the Request for Proposals.

2. License to Practice in California

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

3. Independence

The firm should provide an affirmative statement that it is independent of the City as defined by auditing standards generally accepted in the United States of America and the General Accounting Office's *Government Auditing Standards* (1994).

The firm should also list and describe the firm's professional relationships involving the City 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.

#### 4. Firm Qualifications and Experience

The Proposer should state the size of the firm and its 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.

The Proposer is also required to submit a copy of the 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 (1994)).

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, as well as any pending or settled litigation within the past three (3) years.

#### 5. 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 the 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 three (3) 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.

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 (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.

Please provide a list of not less than five client references for whom 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 services are 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.

7. 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 the City of Buellton'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 of the engagement;
- b) Level of staff and number of hours to be assigned to each proposed segment of the engagement;
- c) Sample size and the extent to which statistical sampling is to be used in this engagement;
- d) Extent of use of electronic data processing (EDP) 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; and
- h) Approach to be taken in drawing audit samples 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.

**NO DOLLAR AMOUNTS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.**

**C. Sealed Dollar Cost Bid**

1. Total All-Inclusive Maximum Price

The Sealed Dollar Cost Bid should contain all pricing information relative to performing the City audit engagement as described in this Request for Proposals. The cost bid should be submitted in a format consistent with Attachment A.

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 first page of the Sealed Dollar Cost Bid should 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.
- c) A total all-inclusive maximum price for the Agreed-Upon Procedures.

2. Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses for firm personnel (e.g., travel, lodging and meals).

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.

3. Rates for Additional Professional Services

If it should become necessary for the City to request the firm to render any additional services to either supplement the services requested in the RFP or to perform additional

work as a result of the specified recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the Sealed Dollar Cost Bid.

4. 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 proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports. Final payment will be made within fifteen (15) days of acceptance of agreed-upon procedure service or report as complete by the City.

**VII. EVALUATION OF PROPOSALS**

**A. Review of Proposals**

Proposals submitted will be evaluated by City Staff, consisting of the City Manager and Finance Director.

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

**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.
2. Technical Quality
  - a) Expertise and Experience

- (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.

b) Agreed-Upon Procedure Approach

- (1) Adequacy of proposed staffing plan for various segments of the engagement.
- (2) Thoroughness of approach to conducting the engagement of the City and demonstration of the understanding of the objectives and scope of the engagement.
- (3) Commitment to timeliness in the conduct of the engagement.

3. Price

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

**C. Oral Presentations**

During the evaluation process, the City 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 City may have on a firm's Proposal. Not all firms may be asked to make such oral presentations.

**D. Final Selection**

The Buellton City Council will select a firm based upon the recommendation of City Staff.

It is anticipated that a firm will be selected by April 3, 2017. Following notification of the firm selected, it is expected that a contract will be executed between both parties at the April 13, 2017, City Council meeting.

**E. Right to Reject Proposals**

Submission of a proposal indicates acceptance by the 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 reserves the right without prejudice to reject any or all proposals.

Attachment A

**AGREED-UPON PROCEDURE WORK COST PROPOSAL FORM**

<b>Service</b>	<b>2004 - 2017</b>
Agreed Upon Procedures	\$
Report and Findings	\$
Total for Engagement (not-to-exceed)	\$

Name of Firm: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Contact Name: \_\_\_\_\_

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

Contact Email: \_\_\_\_\_

Attachment B

**AGREED-UPON PROCEDURE SERVICES PLANNING CALENDAR**

<b>Due date for Proposals</b>	<b>March 27, 2017 at 3:00 pm</b>
Auditor begins Agreed-Upon Procedures for Private Projects	On or after April 17, 2017
Report on Agreed-Upon Procedures with Auditor's findings	May 31, 2017 (Tentative)