



Request for Proposals – Professional Auditing Service

I. INTRODUCTION

A. General Information

The City of Barstow (“City”) is requesting proposals from qualified certified public accountant firms to audit its financial statements for fiscal years beginning July 1 and ending June 30; 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 issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations.

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

The contract term with the City’s current audit firm, Badawi & Associates, has come to an end. The City has been satisfied with the services; however, to comply with the requirements of Government Code 12410.6, the City is seeking formal audit proposals at this time ensuring competitive pricing and services.

In order for a Request for Proposal (RFP) to be considered, three (3) copies of the proposal must be submitted by 5:00 P.M. on Tuesday, May 5, 2020 to the following address:

City of Barstow
Attn: Heidi Riley, Acting Administrative Services Manager
220 East Mountain View, Suite A,
Barstow 92311

During the evaluation process, the City of Barstow 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, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City further reserves the right to retain all proposals submitted and to use any idea(s) or concept(s) contained within 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 proposal,

unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Barstow and the selected firm.

It is anticipated the selection of a firm will be completed by the week of May 11, 2020. Following the notification of the selected firm, a recommendation and a proposed contract will be prepared for review and approval by the City Council at its May 18, 2020 meeting. It will be necessary for the firm's representative to be available, by phone, for any questions the City Council may have at the meeting.

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 these items.

B. Term of Engagement

It is the intent of the City to contract for the services presented herein for a term of three (3) fiscal years ending June 2020, 2021 and 2022 with an option of up to three (3) one-year extensions. The proposal package shall present a breakdown of all-inclusive audit fees for each year of the contract term.

II. NATURE OF SERVICES REQUIRED

A. Scope of the Work to be Performed

The City of Barstow desires a Comprehensive Annual Financial Report (CAFR) and its basic financial statements for the City of Barstow to be prepared by the independent auditor and be fully compliant with all current Governmental Accounting Standards Board (GASB) pronouncements. The City may submit the CAFR to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program.

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

The audit firm will perform an audit of all funds of the City of Barstow. 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 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 the Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the City.

The audit firm will perform a Single Audit on the expenditures of federal grants in accordance with the Uniform Guidance requirements 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 Fund, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance. The Single Audit report will include the 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. The audit firm shall issue a separate "management letter", addressed to the City Manager that includes recommendations for improvements in internal controls, accounting procedures and

other significant observations that are considered to be non-reportable conditions. The audit firm shall provide, compile, and file the Annual Report of Financial Transactions to the State Controller of California, from data provided by City staff for the City of Barstow. The audit firm shall prepare and file the required annual reports for the Barstow Fire Protection District and the Odessa Water District, which include, but are not limited to, the Basic Financial Statements and Independent Auditor's Report in addition to the Annual Financial Transactions report for each entity. .

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 Accountants;
2. The standards applicable to financial audits contained in the most current version of the Generally Accepted Government Auditing Standards (Yellow Book), 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 U. S. Office of Management and Budget, the Uniform Guidance, and applicable OMB Compliance Supplements.

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 City of Barstow of the need to extend the retention period. The auditor will be required to make working papers available to the City of Barstow 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; City Attorney; and the Assistant City Manager.

III. DESCRIPTION OF THE GOVERNMENT

A. Background Information

The City of Barstow was incorporated in 1947 as a general-law city operating under the Council-Manager form of government. The City Manager is appointed by the City Council to serve as the organization's Chief Executive Officer and leads a staff of 175 full-time employees and 65 part-time employees while administering a Fiscal Year 2019/2020 operating budget of approximately \$20 million for all funds combined. In addition to the General Fund (comprised of four (4) sub funds, including the Measure Q 1% Transaction Tax sub fund), the City has two (2) Enterprise Funds, one (1) Operating Special Revenue Fund, eleven (11) program based Special Revenue Funds, one (1) Debt Service Fund, two (2) Capital Project Funds, and six (6) Fiduciary Funds.

As a full-service city in the Inland Empire’s High Desert Region, Barstow coordinates its organization in nine divisions, including the City Manager’s Office, Administrative Services, Police, Fire, Community Development, Community Services, Environmental Services, Municipal Records and Finance.

B. Fund Structure

The City of Barstow currently uses the fund types in its financial reporting, as shown in Exhibit A of this Request for Proposal. The number and type of funds are subject to change based on the needs of the City. Any such change shall not result in change in the audit fee.

C. Magnitude of Finance Operations

The Finance Department is directed by Cindy Prothro, Assistant City Manager, and consists of five (5) employees. The principal functions performed are accounting, accounts payable, accounts receivable, payroll, cash management, investments, budgeting, and financial reporting. Additionally, the department will commence utility billing (sewer and trash) in the early part of Fiscal Year 2020-2021.

D. Computer Systems

The City’s computerized systems are run on a Local Area Network (LAN). The accounting functions are computerized using Eden Finance Systems software onsite. The applications operating on this system are General Ledger; Accounts Payable; Accounts Receivable; Payroll; Licenses; Permits;; Bank Reconciliation; Cash Receipts; Human Resources; and Requisitioning/Purchasing.

The City is currently in the processing of implementing Munis software for use in its utility billing function. It is anticipated that full implementation will be complete by the end of Fiscal Year 2020.

E. Availability of Prior Reports and Work Papers

Badawi & Associates has conducted the City’s most recent audit for fiscal year ending 2019. The work papers of the previous audits are the property of the previous auditor and can be reviewed by the successful Proposer. The following financial statements were prepared or audited by Badawi & Associates, CPA, and are available for review on the City’s website at www.barstowca.org

1. City of Barstow CAFR
2. Single Audit Report
3. Barstow Fire Protection District-Basic Financial Statements
4. Odessa Water District

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:

April 27, 2020	Request for Proposal Issued
May 5, 2020 – 5:00 P.M.	Due Date for Proposals
May 6-8, 2020	Oral Interviews (Conducted at City’s Discretion)
Week of May 11, 2020	Notification of Recommended Selection
May 18, 2020	Contract Awarded by City Council
May/June 2020 (TBD)	Commencement of Interim Audit (For Fiscal Year 2019-2020)
October 1, 2020	Commencement of Fiscal Year 2019-2020 Audit

Audit planning, documentation of systems of internal control and compliance and transaction testing should be completed during interim audit stage in May or June of each year. The City closes its books in September and will be ready for audit field work by October of each year, unless otherwise notified.

The auditor shall provide all drafts and recommendations for improvements to the Assistant City Manager within a reasonable time period after the last day of field work. The auditor shall 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, Basic Financial Statements, Single Audit report and other reports shall be delivered to the Assistant City Manager. This process will be completed, and the final products be delivered by December 15th of each year.

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

A. Finance Department Assistance

Finance Department staff will be available during the audit to assist the firm by providing information, documentation, and explanations.

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 access to a telephone, internet connectivity, a computer with access to the general ledger system, and photocopying machines.

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

1. Comprehensive Annual Financial Report (12 copies & digital file in Adobe Acrobat format)
2. Single Audit Report (7 copies & digital file in Adobe Acrobat format)
3. Management Discussion and Analysis (7 copies & digital file in Adobe Acrobat format)
4. Barstow Fire Protection District-Basic Financial Statements (12 copies & digital file in Adobe Acrobat format)
5. Odessa Water District (12 copies & digital file in Adobe Acrobat format)
6. Separate Annual Review of Measure Q Revenues and Expenditures for City Council.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

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

Heidy Riley, Acting Administrative Services Manager
220 East Mountain View St., Suite A
Barstow, CA 92311
Phone: (760) 255-5151
Email: hriley@barstowca.org

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

B. Submission of Proposal.

1. Three (3) copies of the Proposal shall be received by the City of Barstow by 5:00 p.m. on Tuesday, May 5, 2020 for a proposal to be considered.
2. The Proposal should address the items listed in Sections C and D below. The Proposal should be addressed as follows:

City of Barstow
Attn: Heidy Riley, Acting Administrative Services Manager
220 E. Mountain View St., Suite A
Barstow, CA 92311

C. Format for Technical Proposal

1. 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 identifying the materials submitted by section and page number. Cross-referencing to section and page number in the RFP would be helpful.
3. 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.
4. Detailed Proposal following the order set forth in Section D (Contents of Technical Proposal) and E (Contents of Cost Proposal) below.

D. Contents of 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 of Barstow 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 Bid). 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 must be included verifying the firm and all assigned key professional staff are properly licensed to practice in California.
2. Independence - The firm must provide an affirmative statement that it is independent of the City of Barstow 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 Comprehensive Annual Financial Statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). 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 must provide a list of all current municipal clients. 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 current Government Audit Standards).

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. The RFP for Professional Auditing Services 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 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. Also, please indicate whether the audit was part of a Comprehensive Annual Financial Report (CAFR) prepared in conformance with GAAP requirements. Information should be provided regarding clients that the firm serves that have received the CSMFO and GFOA awards. 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 service(s) were/are being provided, type of service(s) that were/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.

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 such as the City of Barstow'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) Type and extent of analytical procedures to be used in this engagement;
 - e) Approach to be taken to gain and document an understanding of the City's internal control structure;
 - f) Approach to be taken in determining laws and regulations that will be subject to audit test work; and
 - g) Approach to be taken in drawing audit samples for purposes of tests of compliance.
7. 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.

E. Contents of Cost Proposal

1. Total All-Inclusive Maximum Price - The cost proposal should contain all detailed 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.
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.

EXHIBIT A
City of Barstow
Funds, Departments and Divisions
As of April 2020

GENERAL FUNDS

GENERAL FUND (100)

GENERAL GOVERNMENT (110)

- City Council (elected) (110)
- City Manager (120)
- City Attorney (contract) (125)
- Municipal Records (130)
- City Clerk (elected) (132)
- Admin IT (160)
- Admin HR (165)
- Transfers / Other (115)
- Insurance / Risk Management (175)

FINANCE (120)

- Finance (210)
- City Treasurer (elected) (212)
- Finance - Debt Service (211)
- Finance - Central Services (213)

POLICE (130)

- Police Uniform (321)
- Police – School Resource Officers (322)
- Police – Dispatch (323)
- Police – Admin (324)
- Police – Animal Regulation (contract) (350)
- Police – Disaster Preparedness (380)

COMMUNITY SERVICES – PUBLIC WORKS (140)

- Traffic Signals and Lights (contract and utilities) (423)
- Street Maintenance (425)
- Building Maintenance (435)
- Fleet Maintenance (440)
- Parks and Landscaping (formerly Parks Maintenance Division - currently 634)

COMMUNITY DEVELOPMENT (150)

- Community Development Admin (501)
- Engineering (505)
- Building & Safety (511)
- Planning (531)
- Economic Development (contract services) (541)
- Harvey House (contract, utilities, and maintenance) (543)

EXHIBIT A
City of Barstow
Funds, Departments and Divisions
As of April 2020
(Continued)

GENERAL FUNDS (cont.)

GENERAL FUND (100) (cont.)

PARKS & RECREATION (160)

Parks & Recreation (630)

Parks & Recreation – Tot Time (program costs only, no staff) (632)

Park & Recreation – Henderson Pool (program costs only, no staff) (636)

Park & Recreation – Sportspark (program costs only, no staff) (640)

OTHER GENERAL FUND SUBFUNDS

MEASURE Q (102)

GENERAL FUND II (104)

ODESSA WATER DISTRICT (230)

ENTERPRISE FUNDS

WASTEWATER RECLAMATION (605)

WASTEWATER RECLAMATION (605)

WW-Plant Operations (601)

WW-Soapmine Road Operations (602)

WW-Pretreatment Operations (603)

SOLID WASTE DISPOSAL (650)

OPERATING SPECIAL REVENUE FUNDS

BARSTOW FIRE PROTECTION DISTRICT (225)

PROGRAM BASED SPECIAL REVENUE FUNDS

MEASURE I (209)

GAS TAX (210)

COMMUNITY DEVELOPMENT BLOCK GRANT (215)

ASSET SEIZURE (216)

GRANTS – REIMBURSABLE (217)

GRANTS – PREFUNDED (218)

PUBLIC SAFETY COPS PROGRAM (219)

BARSTOW HARVEY HOUSE FOUNDATION (232)

BARSTOW COMMUNITY SERVICES FOUNDATION (233)

COUNTY FLOOD CONTROL DISTRICT 4 (234)

REDEVELOPMENT HOUSING SUCCESSOR AGENCY (901)

EXHIBIT A
City of Barstow
Funds, Departments and Divisions
As of April 2020
(Continued)

DEBT SERVICE

TRIP DEBT SERVICE (301)

CAPITAL IMPROVEMENT PROJECTS

CAPITAL PROJECTS (400)

DEVELOPMENT FUND (425)

FIDUCIARY

PUBLIC IMPROVEMENT DISTRICT 91-1 (516)

LANDSCAPE ASSESSMENT DISTRICT (530)

PRIVATE PURPOSE TRUST FUND – SUCCESSOR AGENCY TRUST FUND (801)

OTHER AGENCY (805)

DEVELOPER DEPOSITS (806)

VICTOR VALLEY TRANSIT AUTHORITY (807)