



May 7, 2013

To Whom It May Concern:

The City of Ferndale is interested in receiving proposals from qualified CPA firms for the conduct of audit services as set forth in the attached Request for Proposal. If your firm is interested, 7 copies of your proposal should be received by 3:00 p.m. on Monday, May 20, 2013. Your proposal should be submitted to the following address:

Jay Parrish
City Manager
City of Ferndale
P.O. Box 1095
Ferndale, California 95536

Late proposals will not be accepted. If further information is required to prepare your proposal response, you should contact Jay Parrish at 707-786-4224.

Proposal responses will become part of the official public records of the City of Ferndale and cannot be returned.

Sincerely,

A handwritten signature in blue ink that reads "Jay Parrish". The signature is written in a cursive style with a large initial "J".

Jay Parrish, City Manager
City of Ferndale

CITY OF FERNDALE
REQUEST FOR PROPOSAL
FOR AUDIT SERVICES

I. INTRODUCTION

General Information

The City of Ferndale is seeking proposals from qualified independent Certified Public Accounting firms to audit the financial statements of the City of Ferndale for the fiscal years ending June 30, 2013, with options for extensions for the fiscal years ended June 30, 2014 and 2015. The audits are to be conducted in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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

To be considered, seven copies of a proposal must be received by Jay Parrish, City of Ferndale, P.O. Box 1095, Ferndale, CA 95536 on or before May 20, 2013 (3:00 p.m.). The City of Ferndale reserves the right to reject any or all proposals submitted.

The City of Ferndale reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal is 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 of Ferndale and the firm selected.

It is anticipated the selection of a firm will be completed by May 30, 2013.

Following the notification of the selected firm, it is expected a contract will be executed between both parties by June 13, 2013. A one year contract with a two year extension option is contemplated. The two year renewal option will be subject to review by the City Council and satisfactory negotiation of terms (including a price acceptable to both the City of Ferndale and the selected firm).

Background of the City of Ferndale

The City of Ferndale is located in the northern California approximately 20 miles southwest of the Eureka. The City's fiscal year begins on July 1 and ends on June 30.

The City of Ferndale was established in 1893 under a General Law City in the State of California. The City operates under the Council-Manager form of government. Services provided by the City include: public safety (police), public works (streets and highways), community development (building regulation, planning and zoning), community services (culture and recreation) health and public utilities (sewer).

II. SCOPE OF THE WORK TO BE PERFORMED AND STANDARDS TO BE FOLLOWED

The City of Ferndale desires its Financial Statements to be prepared by the Independent Auditors for the fiscal year ended June 30, 2013

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The following is a summary of the audit scope of the City of Ferndale for the years ended June 30, 2013:

1. The audit firm will perform an audit of all funds and departments of the City of Ferndale which expended or otherwise administered City funds. 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 of Ferndale’s Financial Statements 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.
2. The audit firm will perform a single audit on the expenditures of federal grants in accordance with OMB Circular A-133 and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the City of Ferndale’s financial statements in accordance with *Government Auditing Standards* and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single audit report will include an appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, and follow up on prior audit findings where required.
3. The audit firm shall issue a separate “management letter” that includes recommendations for improvements in internal control that are considered to be non-reportable conditions, if any.
4. The City finance staff will provide normal cooperation and assistance during the audit including typing of confirmation requests, pulling and refiling of supporting documents and reconciliations of major asset and liability balances. All other information and financial statements are the responsibility of the audit firm.
5. All working papers and reports are to be retained at the auditors’ expense for a minimum of three years. The audit firm will be responsible for making working papers available to the City of Ferndale or any government agencies included in the audit of federal grants.

III. TIMETABLE OF DELIVERABLE REPORTS

The audit firm shall be responsible for the preparation and word processing of the following financial statements:

<u>Report Description</u>	<u>Number of Copies</u>	<u>Due date</u>
Financial Statements	10	October 15, 2013
Management letter	10	October 15, 2013
A-133 Single Audit Report	10	October 15,2013

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Three draft copies of each financial statement should be delivered to the City Manager for review approximately 10 days prior to the deadlines noted above.

IV. PROPOSAL REQUIREMENTS

The following material is requested to be received by the proposal due date or the firm will not be considered:

1. Title Page - The title page shall show the proposal subject, the firm's name and contact person and the firm's California CPA License Number and Firm's Federal Identification Number.
2. Cover Letter - The cover letter should briefly state the proposer's understanding of the work to be performed, the commitment to perform the work in the required time frame and statements as to why the firm believes it is best qualified to perform the engagement. The cover letter should also make a statement that the firm's offer is a firm, irrevocable offer for 60 days. The cover letter should indicate whether the firm is independent with respect to the City of Ferndale and that the firm is an Equal Opportunity Employer.
3. Table of Contents
4. Proposer's Qualifications - The audit firm should set forth the following:
 - A. Qualifications and Related Experience of the Personnel Who Will Serve the City of Ferndale- Resumes of the Partner, Manager and Senior Auditor should be included. Resumes should include all relevant experience, education and CPA licenses and continuing education of the individuals over the past 3 years.
 - B. Prior Experience Auditing Cities, and Other Local Governments - Sufficient information should be provided regarding current local government clients, and date that the client has been served. Information should be provided regarding clients that the firm serves that have received the CSMFO and GFOA awards.
 - C. References of Local Government Clients - Provide a listing of at least five local government clients for which the firm's local office serves.
 - D. Capabilities in General Consulting and Compliance Auditing - Provide any other information regarding general consulting and special audits provided by the firm.
5. Approach, Scope and Timing of the Audit
 - A. Provide in sufficient detail the firm's approach to the City of Ferndale's audit, including procedures to be performed, tasks required as a part of the A-133 single audit, the use of statistical sampling, the utilization of computers on the audit engagement, analytical procedures that may be used, the

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consideration of laws and regulations, assistance required from City staff and proposed segmentation of the audit.

- B. Provide sufficient information of your firm’s understanding of the Objectives and Scope of the Engagement - Specifics should be provided of the auditing standards to be followed and reports to be issued by the audit firm.

6. Maximum Fee and Hourly Rates

The maximum fees and estimated hours for the audit of the City of Ferndale should be provided in the following format for fiscal years ended June 30, 2013. The fees should be inclusive of any out of pocket expenses incurred by the audit firm:

A.

<u>Description of Services</u>	<u>Estimated Hours</u>	<u>Not to Exceed Amount Year Ended June 30, 2013</u>
1. Audit of City, including ongoing audit procedures for financial report presentation and management letter		
2. A-133 Single Audit of Federal Grants of the City		\$
Not to Exceed Maximum Fee (Including Expenses)		\$

- B. Hourly Rates of the Firm’s Employees should be provided by the firm for services which may be requested outside the scope of the audits as follows:

<u>Classification</u>	<u>Hourly Rate</u>
Partner	\$
Manager	
Senior Accountant	
Staff Accountant	_____

7. Other Information Required in Proposal

The Auditing Firm shall provide a copy of its most recent Peer Review together with the California Society of CPA’s acceptance of such peer review. The auditing firm shall make a positive statement that it has the required insurance policies in force in amounts of coverage for not less than \$1,000,000 for

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Professional Liability, Workers Compensation, Comprehensive General Liability and Auto (Owned and Non-Owned). Prior to any commencement of audit services, the auditor will be required to provide certificates of insurance coverage to the City of Ferndale.

V. EVALUATION CRITERIA

Proposals will be evaluated based upon their response to provisions of this Request for Proposal. The following criteria will be used to evaluate responses to this proposal:

1. The firm's licensing, independence with respect to the City of Ferndale and results of most recent peer review (mandatory requirements)
2. Qualifications and Related Experience of the audit team who will serve the City of Ferndale (Partner, Manager and Senior Auditors)
3. Experience of the Firm auditing California Cities.
4. References of Local Government Clients
5. Thoroughness of Approach to conducting the audit of the City of Ferndale
6. Demonstration of the Understanding of the Objectives and Scope of the Audit
7. Commitment to timeliness in the conduct of the audit
8. Maximum fees to conduct the audit

Items 2 through 7 will represent 80% of the weight of the evaluation criteria. Item 8 will be assigned a 20% weighting in the overall evaluation.

VI. OTHER INFORMATION

Firms are encouraged to contact Jay Parrish, City Manager (707) 786-4224, with any questions relating to this RFP or records maintained by the City of Ferndale.

1. Financial Statements - Year ended June 30, 2013 available upon request.