



REQUEST FOR PROPOSAL
FOR
PROFESSIONAL AUDIT SERVICES
FISCAL YEARS 2021 THROUGH 2023
(WITH OPTIONS FOR TWO ADDITIONAL YEARS)

PROPOSALS SHALL BE SUBMITTED TO:

City of Sedona
City Clerk's Office (for time and date stamping)
Attn: Cherie R. Wright, Director of Financial Services
102 Roadrunner Drive
Sedona, AZ 86336

PROPOSALS DUE:

Monday, March 29, 2021 by 4:00 p.m.

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CITY OF SEDONA

REQUEST FOR PROPOSAL

FOR

PROFESSIONAL AUDIT SERVICES

I. INTRODUCTION

The City of Sedona (the “City”) is seeking proposals from qualified firms of certified public accountants to provide professional audit services (the “auditor”) in accordance with the terms and specifications in this Request for Proposal (the “RFP”). A description of the required services is included in Section III.

Background

The City of Sedona was established in 1902 and is one of Arizona’s premier tourism, recreation, resort, retirement, and art centers, all of which contribute to the City’s economic base.

The community was incorporated as a City under Arizona Revised Statutes (A.R.S.) in 1988. It encompasses an area of 19 square miles, approximately half of which is under jurisdiction of the U.S. Forest Service. The population is estimated at 10,315.

The City provides a full range of municipal services, including police protection, wastewater services, construction and maintenance of streets, recreational and cultural events, planning and zoning services, and general administrative services. The City offers community facilities, including a swimming pool and six parks. The City has also begun the process of designing a public transit system. Water service and refuse collection are private, the library is a non-profit with some contract funding from the City, and fire service is provided by a special district. The primary government includes three blended component units: the Sedona Wastewater Municipal Property Corporation and two community facilities districts. The City has approximately 152 employees, and the administrative offices are currently open Monday through Thursday from 8:00 a.m. to 12:00 p.m. as a result of precautions taken due to the COVID-19 pandemic.

The City is a part of two counties (Yavapai and Coconino) and is traversed by two state arteries. There is no property tax levied by the City. Currently, the City’s major revenue sources include local sales tax revenues, state shared revenues, and wastewater fees.

The City’s existing bonds outstanding will be paid off July 1, 2027; however, the City is considering issuance of debt for the new public transit system, as well as a parking garage in the Uptown area.

The City is under a voter-approved alternative expenditure limitation that was most recently extended on August 28, 2018. The total fiscal year 2020-21 budget is \$51.2 million. As of June 30, 2020, the total net assets of the City are \$169.1 million. Net assets of the City’s governmental activities are \$73.7 million, and net assets of the City’s business-type activities are \$95.5 million. The City’s financial statements include

two community facilities districts as blended component units. The City met the threshold for a single audit for fiscal year 2019-20 but does not anticipate meeting the threshold for fiscal year 2020-21.

More detailed information on the City and its finances, including the prior year audited financial statements, can be found in the Budget & Audit section on the Financial Services Department page of the City's website at: www.sedonaaz.gov.

II. PROPOSAL PROCEDURES

A. SCHEDULE OF PROPOSAL

Issue RFP	Wednesday, February 17, 2021
Written Questions Due	Monday, March 8, 2021
Responses to Questions	Monday, March 15, 2021
Proposals Due	Monday, March 29, 2021, 4:00 p.m.
Preliminary Evaluations by RFP Review Committee	Monday, April 5, 2021
Oral Presentations (as needed)	Monday, April 12, 2021

It is the intent of the City to award the contract at the April 27, 2021 Council meeting and for implementation to begin immediately after.

B. PREPARATION OF PROPOSAL

Each proposal should be prepared simply and economically avoiding the use of elaborate promotional materials beyond what is sufficient to provide a complete, accurate, and reliable presentation. For ease of review, the proposals should follow the outline in Section III of this RFP.

C. NUMBER OF PROPOSAL COPIES

Six (6) copies of the proposal should be submitted. One copy must be electronic and submitted via CD or USB device and the other five (5) must be hard copy.

D. SUBMISSION OF PROPOSALS

The City will accept sealed proposals until **4:00 p.m. on Monday, March 29, 2021**. Proposals shall be submitted by mail or hand delivered to:

City of Sedona
City Clerk's office (for time and date stamping)
Attention: Cherie R. Wright, Director of Financial Services
102 Roadrunner Drive
Sedona, AZ 86336

Proposals must be submitted in a sealed envelope clearly marked with the RFP title, Professional Auditing Services, on the lower left-hand corner of the mailing envelope. The Proposer's name and address should be clearly indicated on the envelope.

It is the responsibility of all Proposers to examine this RFP carefully, understand the terms and conditions for providing the services listed and seek clarification in writing, of any item or requirement that may not be clear and respond completely. Submission of a proposal indicates acceptance by the Proposer of the terms and conditions contained in this RFP, unless specifically noted in the proposal submitted, and confirmed in contract between the City and Proposer selected. **FAILURE TO COMPLETE AND PROVIDE ANY OF THESE PROPOSAL REQUIREMENTS MAY RESULT IN THE PROPOSER'S PROPOSAL BEING DEEMED NON-RESPONSIVE AND THEREFORE DISQUALIFIED FROM CONSIDERATION.** The City is under no obligation to return proposals. Any unauthorized contact with any other official or employee in connection with this RFP is prohibited and shall be cause for disqualification of the Proposer.

Late Proposals will not be considered under any circumstance. It is the sole responsibility of the Proposer to see that its Proposal is delivered and received by the proper time and at the proper place.

E. PUBLIC RECORD

All proposals submitted in response to this RFP shall become the property of the City and shall become a matter of public record available for review, subsequent to the proposal opening.

If a Proposer believes that the proposal contains information that should be withheld, a statement advising the City of this fact shall accompany the submission and the information shall be identified. City will not ensure confidentiality of any portion of the proposal that is submitted if a public record request is made. City will provide 48 hours' notice before releasing materials identified by the proposal as confidential or proprietary in order for the Proposer to apply for a court order blocking the release of the information.

F. INQUIRIES

All questions related to this RFP shall be directed to Cherie R. Wright, Director of Financial Services. All questions must be submitted in writing via email to CWright@SedonaAZ.gov by Monday, March 8, 2021. The City shall not be responsible for Proposers adjusting their proposal based on any oral instructions made by employees of the City regarding the RFP. All changes to the RFP shall be in the form of a written addendum, which shall be furnished to all Proposers who are listed with the City as having received the original RFP. The City will not respond to any requests for information pertaining to RFP specifications received less than four working days (Monday-Thursday) prior to the Proposal Due date.

G. TIME AND LOCATION OF PROPOSER'S PRESENTATION

Selected Proposers may be requested to provide in-person presentations. Those Proposers will be notified to arrange specific times.

H. EFFECTIVE PERIOD OF PROPOSALS

All proposals must state the period for which the proposal shall remain in effect (i.e., how much time does the City have to accept or reject the proposal under the terms proposed). Such period shall not be less than ninety (90) days from the proposal date.

I. BID RESERVATIONS

The City reserves the right to:

- Reject any or all quotations or proposals received in response to this RFP;
- Request additional information or clarification from any Proposer on any or all aspects of its quotation or proposal;
- Waive informalities contained in proposals that are not consistent with law;
- Waive any minor defects in the proposal;
- Cancel and/or reissue this RFP at any time;
- Retain all quotations or proposals submitted in response to this RFP and to use any ideas in a proposal regardless of whether that proposal is selected; and
- Invite some, all, or none of the Proposers for interviews and further discussion.

J. AWARD OF CONTRACT

The City reserves the right to award by items, groups of items, or as a whole, whichever is deemed most advantageous to the City.

The selected Proposer shall be required to enter into a written contract with the City for professional audit services in a form approved by legal counsel for the City. This RFP and the proposal, or any part thereof, may be incorporated into and made a part of the final contract. The City reserves the right to negotiate the terms and conditions of the contract with the selected Proposer.

K. CONTRACT TERM

It is the intent of the City to award the contract for an initial three (3) year period with the option to renew for two (2) additional one (1) year periods at the sole discretion of the City.

Proposers are asked to agree to fixed contract fees for at least the first three (3) years.

L. CANCELLATION

If the services to be performed hereunder by the Contractor are not performed in an acceptable manner to the City, the City may cancel this contract by providing written notice to the Contractor, giving at least thirty (30) days' notice of the proposed cancellation and the reasons for same. During that time period, the Contractor may seek to bring the performance of services hereunder to a level that is acceptable to the City, and the City may rescind the cancellation if such action is in City's best interest. Notwithstanding the above provisions, the City may, upon the expiration of thirty (30) days written notice to the Contractor, terminate the agreement at will. Payment for services or

goods received prior to termination shall be made by the City provided those goods or services were provided in a manner acceptable to the City. Payment for those goods and services shall not be unreasonably withheld.

M. USE OF SUBCONTRACTORS

The intent to use subcontractors to perform any portion of the work described in this request for proposal must be clearly stated in the Proposer's response. The Proposer's response must include a description of what portion(s) of the work will be subcontracted out, and the names and addresses of potential subcontractors.

N. INSURANCE REQUIREMENTS

Any contract awarded will contain language similar to the following:

- 1) The CONTRACTOR agrees to procure and maintain in force during the term of this contract, at its own cost, the following coverages:
 - a) Worker's Compensation Insurance as required by the Labor Code of the State of Arizona and Employers' Liability Insurance.
 - b) Commercial General or Business Liability Insurance with minimum combined single limits of ONE MILLION DOLLARS (\$1,000,000.00) each occurrence and TWO MILLION DOLLARS (\$2,000,000.00) general aggregate.
 - c) Automobile Liability Insurance with minimum combined single limits for bodily injury and property damage of not less than ONE MILLION DOLLARS (\$1,000,000.00) for any one occurrence, with respect to each of the CONTRACTOR'S owned, hired, or non-owned automobiles assigned to or used in performance of the services. In the event that the CONTRACTOR'S insurance does not cover non-owned automobiles, the requirements of this paragraph shall be met by each employee of the CONTRACTOR who uses an automobile in providing services to Sedona under this contract.
 - d) Professional Liability coverage with minimum limits of ONE MILLION DOLLARS (\$1,000,000.00) each claim. If approved by CITY, evidence of qualified self-insured status may be substituted for one or more of the foregoing insurance coverages.
- 2) CONTRACTOR shall procure and maintain the minimum insurance coverages listed herein. Such coverages shall be procured and maintained with forms and insurers acceptable to CITY, acceptance of which shall not be unreasonably withheld. All coverages shall be continuously maintained to cover all liability, claims, demands, and other obligations assumed by the CONTRACTOR pursuant this contract. In the case of any claims made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage.
- 3) A Certificate of Insurance shall be completed by the CONTRACTOR'S insurance agent(s) as evidence that policies providing the required coverages, conditions and minimum limits are in full force and effect, and shall be subject to review and approval by CITY. The Certificate shall identify this contract and shall provide that the coverages afforded under the policies shall not be canceled, terminated, or limits reduced until at least 30 days prior written notice has been given to CITY. The completed Certificate of Insurance shall be sent to:

City of Sedona
102 Roadrunner Drive
Sedona, AZ 86336
Attn: City Clerk

- 4) Failure on the part of the CONTRACTOR to procure or maintain policies providing the required coverages, conditions and minimum limits shall constitute a Material Breach of Contract upon which CITY may immediately terminate this contract or, at its discretion, CITY may procure or renew any such policy or any extended reporting period thereto and may pay any and all premiums in connection therewith, and all monies so paid by CITY shall be repaid by the CONTRACTOR to CITY upon demand, or CITY may offset the cost of the premiums against any monies due to CONTRACTOR from CITY.
- 5) CITY reserves the right to request and receive a certified copy of any policy and any pertinent endorsement thereto. CONTRACTOR agrees to execute any and all documents necessary to allow Sedona access to any and all insurance policies and endorsements pertaining to this particular job.

O. ASSIGNMENT OF CONTRACT

The Proposer shall not assign or subcontract any portion of the contract without the express written consent of the City. Any purported assignment or subcontract in violation hereof shall be void. It is expressly acknowledged that the City shall never be required or obligated to consent to any request for assignment or subcontract, and further, that such refusal to consent can be for any or no reason, fully within the sole discretion of the City.

P. ABILITY TO MEET OBLIGATIONS

By submitting a proposal, the Proposer affirms that there are no actions, suits or proceedings of any kind pending against Proposer or, to the knowledge of the Proposer, threatened against Proposer before or by any court, governmental body or agency, or other tribunal or authority which would, if adversely determined, have a materially adverse effect on the authority or ability of Proposer to perform its obligations under this contract, or which question the legality, validity or enforceability hereof or thereof.

Q. UNDUE INFLUENCE

By submitting a proposal, the Proposer declares and warrants that no undue influence or pressure is or has been used against or in concert with any officer or employee of the City in connection with award or terms of the Contract that will be executed as a result of this RFP, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City will receive compensation, directly or indirectly, from the Proposer, or from any officer, employee, or agent of the Proposer, in connection with award of the contract or any work to be conducted as a result of this RFP. Violation of this section shall be a material breach of the Contract entitling the City to any and all remedies by law or in equity.

R. NONDISCRIMINATION

The City maintains various policies related to contractual service providers. Among these is an anti-discrimination policy, which requires that our contractors not discriminate in hiring on the basis of gender, race, religion, sexual orientation, or medical condition. Any contract awarded will contain language similar to the following:

CONTRACTOR, its agents, employees, and subcontractors shall not discriminate in any employment policy or practice. "Discrimination" means to exclude individuals from an opportunity or participation in any activity or to accord different or unequal treatment in the context of a similar situation to similarly situated individuals because of race, color, gender, gender identity, sexual orientation, religion, national origin or ancestry, marital status, familial status, age, disability, or veteran status.

S. COMPLIANCE

By submitting a proposal, the Proposer warrants that both in submission of its proposal and performance of any resultant purchase order or contract, Proposer will comply with all applicable Federal, State, local, and City laws, regulations, rules, or ordinances.

T. INCURRED EXPENSES

The Proposer, by submitting a proposal, agrees that any cost incurred by responding to this RFP, or in support of activities associated with this RFP, shall be borne by the Proposer and may not be billed to the City. The City will incur no obligation of liability whatsoever to anyone resulting from issuance of, or activities pertaining to, this RFP. There is no expressed or implied obligation for the City to reimburse the Proposer for any expenses incurred in preparing proposals in response to this RFP.

U. PROPOSAL AMENDMENT OR WITHDRAWAL

A Proposal may be withdrawn any time before the Proposal due date and time. A Proposal may not be amended or withdrawn after the Proposal due date and time except as otherwise provided by applicable law.

V. INDEMNIFICATION

To the fullest extent permitted by law, the proposer/firm shall indemnify, defend and hold harmless the City and its officials, officers, employees and agents (collectively the "Indemnified Party"), from and against any and all losses, claims, damages, liabilities, costs and expenses to which any such Indemnified Part may become subject, under any theory of liability ("Claims"), insofar as such Claims or action in respect thereof relate to, arise out of, or are caused by or based upon the negligent acts, intentional misconduct, errors, mistakes or omissions, in connection with the work or services of the proposer/firm in response to this RFP.

III. SCOPE OF SERVICES

A. SCOPE OF SERVICES

The City of Sedona desires a Comprehensive Annual Financial Report (CAFR) and its component unit financial statements to be audited by the independent auditor and be fully compliant for current GASB Standards for the fiscal year ended June 30, 2021 and two (2) subsequent fiscal years thereafter, with an option to extend the contract in one (1) year periods, not to exceed a total of two (2) additional fiscal years. City staff has prepared the CAFR for the past three years, including the letter of transmittal, Management's Discussion and Analysis (MD&A), and the statistical section. The City will be planning to 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 shall be required to perform the following tasks:

- 1) The auditor will perform an audit of all funds of The City of Sedona. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards*, issued by the Comptroller of the United States and the provisions of the U.S. Office of Management and Budget, *Audits of State, Local Governments and Non-Profit Organizations*. The City's CAFR may be prepared by the auditor including the letter of transmittal, MD&A, and the statistical section. The CAFR must be prepared in full compliance with current GASB Standards. The auditor will render their auditor's report on the basic financial statements, which will include both government-wide financial statements and fund financial statements. The auditor will also apply limited audit procedures to the MD&A and required supplementary information pertaining to the General Fund and each major fund of the City.
- 2) The auditor may perform a single audit on the expenditures of federal grants in accordance with the OMB 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 for each Major Program, and on the Schedule of Expenditures of Federal Awards in accordance with the U. S. Office of Management and Budget (OMB) requirement. 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. If the City does not meet the minimum requirements to necessitate a single audit, the fees shall be adjusted accordingly.
- 3) The auditor 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.
- 4) Periodically, the City receives Federal or State grant funding. Whenever such funds are received (or expended by the City), an audit is required. If funding is received during the contract period, an audit of the activity will be required including an opinion of fair presentation in accordance

with GAAP and compliance with applicable program guidelines. To fulfill the HURF reporting requirements and to comply with professional standards, the auditor should use the American Institute of Certified Public Accountants (AICPA) Codification of Statements on Auditing Standards, AU-C §806—Reporting on Compliance with Aspects of Contractual Agreements or Regulatory Requirements in Connection With Audited Financial Statements.

- 5) The City of Sedona Municipal Court is required to undergo an external review by auditors every third (3rd) fiscal year. The last external review was completed fiscal year ended 2019. The next review is due fiscal year ended 2022. The auditors will apply the agreed-upon procedures, which the Arizona Supreme Court has specified, enumerated in the Guide for External Reviews by Auditors issued by the Arizona Supreme Court prepared in accordance with the American Institute of Certified Public Accountants, Codification of Professional Standards, AT Section 201, Statement on Standards for Attestation Engagements (SSAEs), Agreed-Upon Procedures Engagements. The engagement is solely to comply with the Arizona Supreme Court’s Minimum Accounting Standards enumerated in the Guide for External Reviews by Auditors.
- 6) The City may prepare one or more official statements in connection with the sale of debt securities that will contain the basic financial statements and the auditor’s report thereon. The auditor shall be required, if requested by the City and/or the underwriter, to issue a “consent and citation of expertise” as auditor and any necessary “comfort letters.”
- 7) The auditor may be required to present the results of the audit at an in-person or virtual City Council meeting.

B. STANDARDS TO BE FOLLOWED

To meet the requirements of this RFP, 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 set forth for financial audits in the U.S. General Accounting Office’s (GAO) Government Auditing Standards
- 3) The provisions of the Single Audit Act as amended in 1996
- 4) The provisions of U. S. Office of Management and Budget (OMB) 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 5) State of Arizona Uniform Expenditure Reporting System requirements (UERS) mandated by the A.R.S. §41-1279.07, with guidelines set forth by the Arizona Auditor General
- 6) State of Arizona Highway User Revenue Fund (HURF) Expenditure requirements pursuant to A.R.S. §9-481.B.2.

C. 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 this RFP.

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

- 1) Proposed segmentation of the engagement.

- 2) Level of staff and number of hours to be assigned to each proposed segment of the engagement. Please note that the City requires an audit supervisor to be on-site any time staff auditors are working.
- 3) Sample size and the extent to which statistical sampling is to be used in the engagement.
- 4) Extent to which software will be used to test the City's financial systems during the engagement.
- 5) Type and extent of analytical procedures to be used in the engagement.
- 6) Approach to be taken to gain and document an understanding of the City's internal control structure.
- 7) Approach to be taken in determining laws and regulations that will be subject to audit test work.
- 8) Approach to be taken in drawing audit samples for tests of compliance.
- 9) Areas/departments that will be subject to compliance and substantive sampling.
- 10) The proposal shall indicate how the audit approach will differ, if applicable, in the second and subsequent years of the engagement regarding the planned staff level, sample sizes, test work, sampling techniques, and other aspects of the engagement.
- 11) The proposal shall identify and describe any anticipated potential audit problems, the auditor's approach to resolving these problems and any special assistance that will be requested from the City.

D. DETAILED REVIEW OF CAFR

The City will send its Comprehensive Annual Financial Report (CAFR) to the GFOA of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting Program. The auditor will be required to provide assistance to the City, including a detailed review of its CAFR, to assure accuracy and adherence to the requirements of the program. The proposal should contain a detailed account of the steps the auditor will take to ensure the award of the Certificate.

E. PROPOSED SCHEDULE

Describe the auditor's timing for: conducting interim field work, final field work, draft financial statements, communicating with elected officials, production of financial statements. The City desires to have draft reports completed by mid-November and the Comprehensive Annual Financial Report published by mid-December. Please provide a proposed work schedule/ calendar to achieve that result.

F. 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 auditor is notified in writing by the City of Sedona of the need to extend the retention period. The auditor will be required to make working papers available to the City of

Sedona or any government agencies included in the audit of federal grants. In addition, the auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

G. REPORTS TO BE ISSUED

Following the completion on the audit of the fiscal year's financial statements, the auditor shall issue:

- 1) Independent Auditor's Reports for the City – reports on the fair presentation of the financial statements in conformity with generally accepted accounting principles, based upon audits of the Basic Financial Statements of the City. The other supplementary information listed in the Table of Contents in the City's CAFR, including combining schedules and additional budgetary comparison schedules, are not a required part of the basic financial statements. However, the auditor is to provide an "in-relation-to" report on the combining and individual fund financial statements and schedules. The information presented shall be based on the auditing procedures applied during the audits of these basic financial statements.
- 2) Management and SAS 114 Letters, which includes findings, statements, observations, opinions, comments, or recommendations, related to:
 - a) Systems of internal control based upon the auditors' understanding of the control structure and assessment of control risk
 - b) Compliance with applicable laws and regulations
 - c) Accounting systems, functions, procedures, and processes, especially with regard to cost effectiveness
- 3) Single Audit Report of Federal Financial Assistance.
- 4) Annual Expenditure Limitation Report to the Arizona Auditor General.
- 5) Independent Auditor's Report on State of Arizona Highway User Revenue Fund (HURF) Expenditure requirements pursuant to A.R.S. §9-481.B.2.
- 6) Agreed-Upon Procedures Report for Court Review.

Number of Copies of Report to Be Produced

- 1) Independent Auditors' Report on CAFR – 1 PDF file
- 2) Management and SAS 114 letter – 10 copies and 1 PDF file
- 3) Single Audit, if applicable – 10 reports and 1 PDF file
- 4) Expenditure Limitation Report to the Auditor General – 10 reports and 1 PDF file
- 5) Independent Auditors' Report on HURF – 10 reports and 1 PDF file
- 6) Agreed -Upon Procedures Report for Court Review – 10 reports and 1 PDF file

Internal Control and Compliance Reports

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material

weaknesses shall be identified as such in the report. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls. The reports on compliance shall include all instances of noncompliance.

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 Attorney

Auditors shall assure themselves that the City is informed of each of the following:

- 1) The auditor's responsibility under generally accepted auditing standards
- 2) Significant accounting policies
- 3) Management judgments and accounting estimates
- 4) Significant audit adjustments
- 5) Other information in documents containing audited financial statements
- 6) Disagreements with management
- 7) Management consultation with other accountants
- 8) Major issues discussed with management prior to retention
- 9) Difficulties encountered in performing the audit

IV. PROPOSAL INFORMATION REQUESTED

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

A. GENERAL REQUIREMENTS

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the auditor seeking to undertake an independent audit of the City in conformity with the requirements of this RFP. The proposal should address all points outlined in the RFP including Section III Scope of Services. The proposal should demonstrate the qualifications of the auditor and of the particular staff to be assigned to this engagement. It should specify an audit approach that will meet the RFP requirements.

B. INDEPENDENCE

The Proposer shall provide an affirmative statement that is it independent of the City of Sedona as defined by generally accepted auditing standards. The Proposer shall list and describe any professional relationship 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.

C. LICENSE TO PRACTICE IN ARIZONA

An affirmative statement should be included that the auditor and all assigned key professional staff are properly licensed to practice in Arizona.

D. QUALIFICATIONS AND EXPERIENCE

All Proposers must provide this information.

- 1) Provide a general overview and brief history of your organization.
- 2) Provide the address of the office location(s) that will service the City's account.
- 3) State the size of the auditor's firm and the office to be assigned to the audit and the size of the firm's and assigned office's governmental audit staff.
- 4) Provide the number and nature of the professional staff to be employed in this engagement.
- 5) Describe the experience of the auditor in providing professional audit services for municipal governmental entities.
- 6) The Proposer shall submit a copy of the report on its most recent external quality control review, with a statement of whether that quality control review included a review of a specific government engagement.
- 7) In addition, the Proposer shall provide information on the circumstances and status of any disciplinary action taken or pending investigations against the auditor during the past five (5) years with state regulatory bodies or professional organizations.
- 8) Has the Proposer been released from a contract with a governmental entity during the past five (5) years? If so, explain the circumstances.

E. PERSONNEL

All Proposers must provide this information.

- 1) Provide the name, title, address, phone number, fax number, and email address of the primary contact person(s) assigned to this account.
- 2) For each key person to be assigned to the audit, show the number of years of experience in municipal government auditing and the number of years with the auditor.
- 3) Indicate how the assigned personnel comply with Government Auditing Standards (Yellow Book) CPE requirements.

F. INSURANCE/BONDING

All Proposers must provide this information.

- 1) Describe the types of insurance and bonding carried.

G. PRICING AND ACCOUNT ANALYSIS

All Proposers must provide this information.

- 1) Provide a complete fixed fee schedule for all of the services described in the RFP using the format shown on Appendix A.
- 2) Is your firm willing to guarantee the proposed fees for the entire term of the contract (up to three (3) years)? If not, for how long are the fees guaranteed?
- 3) The percentage of clients that additional fees above the proposed amount are charged, and the average percentage of the cost increases to the proposed amount.

H. REFERENCES

All Proposers must provide this information.

Provide names, addresses, and phone numbers of at least five references (local governments and public agency references) who are currently using the services for which you are proposing. Select a mix of long-standing and recent customers. Describe the work performed, fiscal year audited, key personnel assigned, total audit hours, and the dates of the beginning and end of fieldwork and the dates final reports were delivered to the clients.

I. AUDIT APPROACH

The proposal shall set forth a work plan, including an explanation of the audit methodology to be followed as set forth in Section III.C of this RFP.

J. PROPOSER GUARANTEES AND PROPOSER WARRANTIES

Executed copies of the Proposer Guarantees and Proposer Warranties attached to this RFP (Appendix B).

K. SAMPLE CONTRACT

All Proposers must provide this information.

Provide a sample of a proposed contract for your firm's services. At the sole option of City, the City's standard professional services agreement may be used.

V. EVALUATION AND AWARD CRITERIA

This RFP seeks firms to provide audit services to the City. Proposers meeting the mandatory criteria will have their proposals evaluated by qualifications and price. Mandatory elements include:

- The proposer shall be certified public accountants holding a valid certification in the State of Arizona.
- The proposer must meet the independence requirements and standards of the AICPA and the Government Auditing Standards.
- The proposer has no conflict of interest with regard to any other work performed by the auditor for the City.
- The proposer adheres to the instructions in this RFP on preparing and submitting the proposal.

Selection will be made from a short list of Proposers deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors listed below (not in priority order):

- Understanding of the needs and operation requirements of the City.
- The experience, resources, qualifications, and reliability of the auditor and individuals assigned to this account.
- Relevant experience managing similar account relationships with public institutions and agency clients.
- Scope of services offered.
- Compliance with the requirements of this RFP and quality of proposals. This includes completeness of response to the RFP.
- Proposed fees and compensation. (Although fees and compensation will be an important factor in the evaluation of proposals, the City is not required to choose the lowest bidder.)

APPENDIX A

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

DESCRIPTION	YEAR ENDED JUNE 30,		
	2021	2022	2023
City Audit	\$	\$	\$
Single Audit Act Report			
Annual Expenditure Limitation Report			
HURF Compliance Report			
Agreed-Upon Procedures Report for Court Review			
Required Documents for Debt Issuances/Official Statements			
TOTAL	\$	\$	\$

In addition, please include below an hourly fee quotation and hours proposed for all positions to be assigned to the audit:

POSITION	HOURS	HOURLY RATE
Partners		
Managers		
Supervisory Staff		
Professional Staff		
Clerical/Support Staff		
Travel Costs		
Other (Specify)		

APPENDIX B

PROPOSER GUARANTEES AND WARRANTIES

- A. Proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section III, Scope of Services.
- B. Proposer warrants its intent to be bound by its proposal and the terms of the RFP and that the information provided is true, accurate and complete.
- C. Proposer warrants that it is willing and able to comply with State of Arizona laws with respect to corporations.
- D. Proposer warrants that it shall procure and maintain the required minimum insurance coverage for the duration of the contract as set forth in Section II.N.
- E. Proposer warrants that it will not delegate or subcontract its responsibilities without the express prior written permission of the City of Sedona.
- F. Proposer warrants the following by indicating yes or no to the following questions:

YES NO

		1. Has the City or other governmental entity incurred costs as a result of contested change order(s) from the Proposer?
		2. Has the City or other governmental entities been involved in litigation relative to contract performance with the Proposer?
		3. Has the Proposer failed to meet bid specifications or time limits on other contracts?
		4. Has the Proposer had bidding errors or omissions in two or more bid submissions within a 24-month period?
		5. Has the Proposer been convicted of a criminal offense within a ten-year period of embezzlement, theft, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty?
		6. Has the Proposer been disbarred or otherwise discharged by another governmental entity?

Signature of Official: _____

Name (typed): _____

Title: _____

Firm: _____

Firm FEI Number: _____

Firm's AZ CPA State License #: _____

Date: _____