DATE: March 17, 2020

TO: Council Appointed Officers Committee

FROM: Council Member Eric Filseth

SUBJECT: DEVELOPMENT OF A REQUEST FOR PROPOSALS FOR THE CITY AUDITOR FUNCTION AND DISCUSSION OF PROCESS AND NEXT STEPS

On February 10, 2020, the Council directed the CAO Committee to work with Staff to prepare a solicitation to fulfill the City’s management auditing function.

As a reference, two complete examples of management auditing solicitations, from the County of Santa Clara and the City of Rockville, MD, can be found at:

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=2ahUKEwjq8L7jlx7lXoAhX1N30KHXHiAGoQFjAAegQIARAB&url=http%3A%2F%2Fsccgov.iqm2.com%2FCitizens%2FFileOpen.aspx%3FType%3D4%26ID%3D14953&usg=AOvVaw0qGfieAPvDb7g_tkmI7s6c


Attachments:

• Attachment A: RFP Template Format CPA-February 12 2018-FINAL
• Attachment B: Palo Alto Auditor Report
• Attachment C: Brochure - City Auditor  10-28-13
• Attachment D: Santa Clara County RFP Excerpt
• Attachment E: Rockville RFP Excerpt
Request for Proposal (RFP) Number for Professional Services

CIP Number and Title:

Pre-proposal Meeting
RFP submittal deadline: 3:00 p.m.
Tuesday,

Contract Administrator:
(Email address)
REQUEST FOR PROPOSAL (RFP) NO.
FOR PROFESSIONAL SERVICES

TITLE:

1. INTRODUCTION

The City of Palo Alto is seeking proposals from qualified firms to provide services for project. The required services and performance conditions are described in the Scope of Work (or Services). The City has budgeted a maximum of $ for these services in the Fiscal Year.

2. ATTACHMENTS

The attachments below are included with this Request for Proposals (RFP) for the Proposer’s review and submittal (see asterisk):

- Attachment A – Proposer’s Information Form*
- Attachment B – Scope of Work/Services
- Attachment C – Sample Agreement for Professional Services
- Attachment D – Sample Table, Qualifications of Firm Relative to City’s Needs
- Attachment E – Cost Proposal Format
- Attachment F – Insurance Requirement
- Attachment G – Non-disclosure Agreement (NDA) (if applicable)
- Attachment H – Software as a Service Security (SaaS) (if applicable)
- Attachment I – Vendor Information Security Assessment (VISA) (if applicable)

The items identified with an asterisk (*) shall be filled out, signed by the appropriate representative of the Proposer’s company and returned with submittal.

3. PRE-PROPOSAL CONFERENCE AND CERTIFICATIONS

3.1 Pre-proposal Conference

A pre-proposal conference will be held Tuesday, at 10:00 a.m. in the Conference Room, Palo Alto, CA. All prospective Proposers are strongly encouraged to attend.

3.2 Examination of Proposal Documents

The submission of a proposal shall be deemed a representation and certification by the Proposer that it:

3.2.1 Has carefully read and fully understand the information that was provided by the City to serve as the basis for submission of this proposal.
3.2.2 Has the capability to successfully undertake and complete the responsibilities and obligations of the proposal being submitted.
3.2.3 Represents that all information contained in the proposal is true and correct.
3.2.4 Did not, in any way, collude, conspire to agree, directly or indirectly, with any person, firm, corporation or other Proposer in regard to the amount, terms or conditions of this proposal.
3.2.5 Acknowledge that the City has the right to make any inquiry it deems appropriate to substantiate or supplement information supplied by Proposer, and Proposer hereby grants the City permission to make these inquiries, and to provide any and all related documentation in a timely manner.

3.3 Addenda/Clarifications

Should discrepancies or omissions be found in this RFP or should there be a need to clarify this RFP, questions or comments regarding this RFP must be emailed and received by the City no later than 1:00 p.m., Wednesday (the one before the proposal deadline), .

Correspondence shall be communicated either through the City’s electronic procurement system or e-mailed to the Contract Administrator , Responses from the City will be communicated through the City’s electronic procurement system to all recipients of this RFP via Proposal addendum. Inquiries received after the date and time stated will not be accepted. All addenda shall become a part of this RFP and shall be acknowledged on the Proposer’s submittal.

The City shall not be responsible for nor be bound by any oral instructions, interpretations or explanations issued by the City or its representatives.

3.4 Submission of Proposals

All proposals shall be submitted electronically through the City’s electronic procurement system (PlanetBids) at:

https://www.planetbids.com/portal/portal.cfm?CompanyID=25569

Proposals must be received by no later than 3:00 p.m. on .

The e-procurement system will not accept any proposals after the specified close time.

3.5 Withdrawal or Modification of Proposals
A Proposer may withdraw or modify its proposal at any time before the expiration of the time for submission of proposals as provided in the RFP by entering the e-procurement system and selecting to withdraw the proposal. No request for modification of the proposal shall be considered after its submission and acceptance on grounds that Proposer was not fully informed to any fact or condition.

3.6 Rights of the City of Palo Alto

This RFP does not commit the City to enter into a contract, nor does it obligate the City to pay for any costs incurred in preparation and submission of proposals or in anticipation of a contract. The City reserves the right to:

- Make the selection based on its sole discretion;
- Reject any and all proposals;
- Issue subsequent Requests for Proposals;
- Postpone opening for its own convenience;
- Remedy technical errors in the Request for Proposals process;
- Approve or disapprove the use of particular subconsultants;
- Negotiate with any, all or none of the Proposers;
- Accept other than the lowest offer;
- Waive informalities and irregularities in the Proposals and/or
- Enter into an agreement with another Proposer in the event the originally selected Proposer defaults or fails to execute an agreement with the City.

An agreement shall not be binding on the City unless and until it is executed by authorized representatives of the City and of the Proposer.

4. PROPOSED TENTATIVE TIMELINE

The tentative RFP timeline is provided for the convenience of the Proposers, but may be subject to change at any time by the City. Any such changes will be stated in an addendum to this RFP. The tentative RFP timeline is as follows:

<table>
<thead>
<tr>
<th>Event</th>
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<tbody>
<tr>
<td>RFP Issued</td>
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<tr>
<td>Pre-Proposal Meeting</td>
</tr>
<tr>
<td>Deadline for questions, clarifications</td>
</tr>
<tr>
<td>Proposals Due</td>
</tr>
<tr>
<td>Finalist Identified</td>
</tr>
<tr>
<td>Consultant Interviews</td>
</tr>
<tr>
<td>Consultant selection and contract preparation</td>
</tr>
<tr>
<td>Contract awarded</td>
</tr>
<tr>
<td>Work commences</td>
</tr>
</tbody>
</table>
5. PROPOSAL CONTENT AND FORMAT (to be submitted in this order only)

These instructions outline the guidelines governing the format and content of the proposal and the approach to be used in its development and presentation. The intent of the RFP is to encourage responses that clearly communicate the Proposer’s understanding of the City’s requirements and its approach to successfully provide the products and/or services on time and within budget. Only that information which is essential to an understanding and evaluation of the proposal should be submitted. Items not specifically and explicitly related to the RFP and proposal, e.g. brochures, marketing material, etc. will not be considered in the evaluation.

All proposals shall address the following items in the order listed below and shall be numbered 1 through 8 in the proposal document.

5.1 Chapter 1 – Proposal Summary

This Chapter shall discuss the highlights, key features and distinguishing points of the Proposal. A separate sheet shall include a list of individuals and contacts for this Proposal and how to communicate with them. Limit this Chapter to a total of three (3) pages including the separate sheet.

5.2 Chapter 2 – Profile on the Proposing Firm(s)

This Chapter shall include a brief description of the Proposer’s firm size as well as the proposed local organization structure. Include a discussion of the Proposer firm’s financial stability, capacity and resources. Include all other firms participating in the Proposal, including similar information about the firms.

Additionally, this section shall include a listing of any lawsuit or litigation and the result of that action resulting form (a) any public project undertaken by the Proposer or by its subcontractors where litigation is still pending or has occurred within the last five years or (b) any type of project where claims or settlements were paid by the consultant or its insurers within the last five years.

5.3 Chapter 3 – Qualifications of the Firm

This Chapter shall include a brief description of the Proposer’s and any sub-Proposer’s qualifications and previous experience on similar or related projects. Provide in a table format (see Sample Table, Attachment D), descriptions of pertinent project experience with other public municipalities and private sector entities, including a summary of the work performed, the total project cost, the percentage of work the firm was responsible for, the
period over which the work was completed, and the name, title, and phone number of clients to be contacted for references. Give a brief statement of the firm’s adherence to the schedule and budget for the project.

This Chapter shall include information regarding any relationships with firms and/or individuals that may submit proposals in response to the RFPs being developed.

5.4 Chapter 4 – Work Plan or Proposal

This Chapter shall present a well-conceived service plan. Include a full description of major tasks and subtasks. This section of the proposal shall establish that the Proposer understands the City’s objectives and work requirements and Proposer’s ability to satisfy those objectives and requirements. Succinctly describe the proposed approach for addressing the required services and the firm’s ability to meet the City’s schedule, outlining the approach that would be undertaken in providing the requested services.

5.5 Chapter 5 – Proposed Innovations (Optional – use for technical solicitations)

The Proposer may also suggest technical or procedural innovations that have been used successfully on other engagements and which may provide the City with better service delivery. In this Chapter discuss any ideas, innovative approaches, or specific new concepts included in the Proposal that would provide benefit to the City.

5.6 Chapter 6 – Project Staffing

This Chapter shall discuss how the Proposer would propose to staff this project. Key project team members shall be identified by name, title and specific responsibilities on the project. An organizational chart for the project team and resumes for key Proposer personnel shall be included. Key personnel will be an important factor considered by the review committee. Changes in key personnel may be cause for rejection of the proposal.

5.7 Chapter 7 – Proposal Exceptions

This Chapter shall discuss any exceptions or requested changes that Proposer has to the City’s RFP conditions, requirements and sample contract. If there are no exceptions noted, it is assumed the Proposer will accept all conditions and requirements identified in the Attachment C – “Sample Agreement for Services.” Items not excepted will not be open to later negotiation.

5.8 Chapter 8 – Proposal Costs Sheet and Rates (Optional to provide in separate sealed envelope)
The fee information is relevant to a determination of whether the fee is fair and reasonable in light of the services to be provided. Provision of this information assists the City in determining the firm’s understanding of the project, and provides staff with tools to negotiate the cost, provide in a table (See Table, Attachment E).

(Note: Insert this section for large contracts estimated to cost more than $250,000):

Consultant shall provide the following information

- Direct labor rates for proposed staff;
- Overhead rate and breakdown of overhead elements;
- Subconsultant billing rates and mark-up percentage for ODC’s (other direct costs); and identify all reimbursable expenses.

Most recent complete financial instrument that would establish Proposer’s ability to complete the obligations of the contract resulting from this solicitation. Proposers need to submit their last two audited financial statements (e.g., balance sheet, income statement, and statement of cash flow). (optional)

This Chapter shall include the proposed costs to provide the services desired. Include any other cost and price information, plus a not-to-exceed amount, that would be contained in a potential agreement with the City. The hourly rates may be used for pricing the cost of additional services outlined in the Scope of Work.

PLEASE NOTE: The City of Palo Alto does not pay for services before it receives them. Therefore, do not propose contract terms that call for upfront payments or deposits.

6. CONTRACT TYPE AND METHOD OF PAYMENT

It is anticipated that the agreement resulting from this solicitation, if awarded, will be a [Choose one: not-to-exceed budget per task or fixed fee] form of contract. A Sample Agreement of Services is provided as Attachment C. The method of payment to the successful Proposer shall be on a [Choose one – to be same as above: per task or fixed fee] basis with a maximum “not to exceed” fee as set by the Proposer in the proposal or as negotiated between the Proposer and the City as being the maximum cost to perform all work. This figure shall include direct costs and overhead, such as, but limited to, transportation, communications, subsistence and materials and any subcontracted items of work. Progress payments will be based on a percentage of project completed.

Proposers shall be prepared to accept the terms and conditions of the Agreement, including Insurance Requirements in Attachment F. If a Proposer desires to take
exception to the Agreement, Proposer shall provide the following information in Chapter 7 of their submittal package. Please include the following:

- Proposer shall clearly identify each proposed change to the Agreement, including all relevant Attachments.
- Proposer shall furnish the reasons for, as well as specific recommendations, for alternative language.

The above factors will be taken into account in evaluating proposals. Proposals that take substantial exceptions to the proposed Agreement may be determined by the City, at its sole discretion, to be unacceptable and no longer considered for award.

Insurance Requirements

The selected Proposer(s), at Proposer’s sole cost and expense and for the full term of the Agreement or any extension thereof, shall obtain and maintain, at a minimum, all of the insurance requirements outlined in Attachment F.

All policies, endorsements, certificates and/or binders shall be subject to the approval of the Risk Manager of the City of Palo Alto as to form and content. These requirements are subject to amendment or waiver if so approved in writing by the Risk Manager. The selected Proposer agrees to provide the City with a copy of said policies, certificates and/or endorsement upon award of contract.

7. **EVALUATION CRITERIA AND SELECTION PROCESS**

City staff will evaluate the proposals provided based on the following criteria, at a minimum:

7.1 Quality and completeness of proposal;
7.2 Quality, performance and effectiveness of the solution, goods and/or services to be provided by the Proposer;
7.3 Proposer’s experience, including the experience of staff to be assigned to the project, the engagements of similar scope and complexity;
7.4 Cost to the city;
7.5 Proposer’s financial condition and stability;
7.6 Proposer’s ability to perform the work within the time specified;
7.7 Proposer’s prior record of performance with City or other local, county or state agency;
7.8 Proposer’s ability to provide future maintenance, repairs parts and/or services; and
7.9 Proposer’s compliance with applicable laws, regulations, policies (including City Council policies), guidelines and orders governing prior or existing contracts performed by the contractor.
7.10 Any other factor the city deems relevant as specified in the request for proposals.
The selection committee will make a recommendation to the awarding authority, if a recommendation for an award is made. The acceptance of the proposal will be evidenced by written Notice of Award from the City’s Purchasing/Contract Administration Division to the successful Proposer.

8. ORAL INTERVIEWS

Proposers may be required to participate in an oral interview. The oral interview will be a panel comprised of members of the selection committee.

Proposers may only ask questions that are intended to clarify the questions that they are being asked to respond.

Each Proposer’s time slot for oral interviews will be determined randomly. Proposers who are selected shall make every effort to attend. If representatives of the City experience difficulty on the part of any Proposer in scheduling a time for the oral interview, it may result in disqualification from further consideration.

9. PUBLIC NATURE OF MATERIALS

Responses to this RFP become the exclusive property of the City of Palo Alto. At such time as the Administrative Services Department recommends to form to the City Manager or to the City Council, as applicable, all proposals received in response to this RFP becomes a matter of public record and shall be regarded as public records, with the exception of those elements in each proposal which are defined by the Proposer as business or trade secrets and plainly marked as “Confidential,” “Trade Secret,” or “Proprietary”. The City shall not in any way be liable or responsible for the disclosure of any such proposal or portions thereof, if they are not plainly marked as “Confidential,” “Trade Secret,” or “Proprietary” or if disclosure is required under the Public Records Act. Any proposal which contains language purporting to render all or significant portions of the proposal “Confidential,” “Trade Secret,” or “Proprietary” shall be regarded as non-responsive.

Although the California Public Records Act recognizes that certain confidential trade secret information may be protected from disclosure, the City of Palo Alto may not accept or approve that the information that a Proposer submits is a trade secret. If a request is made for information marked “Confidential,” “Trade Secret,” or “Proprietary,” the City shall provide the Proposer who submitted the information with reasonable notice to allow the Proposer to seek protection from disclosure by a court of competent jurisdiction.

10. COLLUSION
By submitting a proposal, each Proposer represents and warrants that its proposal is genuine and not a sham or collusive or made in the interest of or on behalf of any person not named therein; that the Proposer has not directly induced or solicited any other person to submit a sham proposal or any other person to refrain from submitting a proposal; and that the Proposer has not in any manner sought collusion to secure any improper advantage over any other person submitting a proposal.

11. DISQUALIFICATION

Factors such as, but not limited to, any of the following may be considered just cause to disqualify a proposal without further consideration:

11.1 Evidence of collusion, directly or indirectly, among Proposers in regard to the amount, terms or conditions of this proposal;

11.2 Any attempt to improperly influence any member of the evaluation team;

11.3 Existence of any lawsuit, unresolved contractual claim or dispute between Proposer and the City;

11.4 Evidence of incorrect information submitted as part of the proposal;

11.5 Evidence of Proposer’s inability to successfully complete the responsibilities and obligation of the proposal; and

11.6 Proposer’s default under any previous agreement with the City, which results in termination of the Agreement.

12. NON-CONFORMING PROPOSAL

A proposal shall be prepared and submitted in accordance with the provisions of these RFP instructions and specifications. Any alteration, omission, addition, variance, or limitation of, from or to a proposal may be sufficient grounds for non-acceptance of the proposal, at the sole discretion of the City.

13. GRATUITIES

No person shall offer, give or agree to give any City employee any gratuity, discount or offer of employment in connection with the award of contract by the city. No city employee shall solicit, demand, accept or agree to accept from any other person a gratuity, discount or offer of employment in connection with a city contract.

14. FIRMS OR PERSONS NOT ELIGIBLE TO SUBMIT A PROPOSAL

In order to avoid any conflict of interest or perception of a conflict or interest, Proposer(s) selected to provide professional services under this RFP will be subject to the following requirements:
14.1 The Proposer(s) who works on the procurement will be precluded from submitting proposals or bids as a prime contractor or subcontractor in the ultimate procurement.
14.2 The Proposer(s) may not have interest in any potential Proposer for the ultimate procurement.
14.3 The Proposer may not have a conflict of interest as defined under Palo Alto Municipal Code section 2.30.600 or 2.30.610, or as defined under state law including the Political Reform Act or Government Code section 1090 et seq.

15. LICENSE REQUIRED [Optional]:

The City will verify the status of the contractor’s license by checking the Contractor’ State License Board (www.cslb.ca.gov). The contractor’s license and business must match. This verification includes information on any outstanding Board disciplinary action pending against the contractor.

☐ This Section 15 (“License Required”) applies to this Request for Proposals. The contractor for this work shall possess a valid State of California Contractor’s License in the following category:

16. CA DIR REGISTRATION REQUIREMENTS:

The City hereby provides notice of California Labor Code section 1771.1(a), which reads:

“A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5. It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section 10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.”

Please note: If the City is unable to confirm that the bidder/contractor’s DIR registration is current, the City must disqualify the bidder (and the bid will be returned unopened), as required by Labor Code section 1725.5.

17. PREVAILING WAGE INFORMATION [Optional]:

Contractor is required to pay general prevailing wages, as defined in Subchapter 3, Title 8 of the California Code of Regulations and Section 16000 et seq. and Section 1773.1 of the California Labor Code. Pursuant to the provisions of Section 1773 of the California Labor Code, the City Council has obtained the general prevailing rate
of per diem wages and the general rate for holiday and overtime work in this locality for each craft, classification, or type of worker needed to execute the contract for this Project from the Director of the Department of Industrial Relations (“DIR”). Copies of these rates may be obtained at the Purchasing Division’s office of the City of Palo Alto. Contractor shall provide a copy of prevailing wage rates to any staff or subcontractor hired, and shall pay the adopted prevailing wage rates as a minimum. Contractor shall comply with the provisions of all sections, including, but not limited to, Sections 1775, 1776, 1777.5, 1782, 1810, and 1813, of the Labor Code pertaining to prevailing wages.

18. CERTIFIED PAYROLL [Optional]:

City requires Contractor and its listed subcontractors to comply with the requirements of Labor Code section 1776, including:

Keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by, respectively, Contractor and its listed subcontractors, in connection with the Project.

The payroll records shall be verified as true and correct and shall be certified and made available for inspection at all reasonable hours at the principal office of Contractor and its listed subcontractors, respectively.

At the request of City, acting by its project manager, Contractor and its listed subcontractors shall make the certified payroll records available for inspection or furnished upon request to the project manager within ten (10) days of receipt of City’s request.

☐ City requests Contractor and its listed subcontractors to submit the certified payroll records to the project manager at the end of each week during the Project.

If the certified payroll records are not produced to the project manager within the 10-day period, then Contractor and its listed subcontractors shall be subject to a penalty of one hundred dollars ($100.00) per calendar day, or portion thereof, for each worker, and City shall withhold the sum total of penalties from the progress payment(s) then due and payable to Contractor.

Inform the project manager of the location of contractor’s and its listed subcontractors’ payroll records (street address, city and county) at the commencement of the Project, and also provide notice to the project manager within five (5) business days of any change of location of those payroll records.

19. SUSPENSION AND DEBARMENT STATUS [Optional]:
As applicable, the City will verify whether a contractor and its subcontractors, if any, are suspended or debarred from doing business with the federal government by searching the Excluded Parties List System (www.sam.gov). This verification process applies to contracts funded by federal grants and which are for $25,000 or more (including as well any subcontract that is for $25,000 or more). Unless an exception applies, no such federal funds may go to a person or entity that is suspended or disbarred, thus any such person or entity found to be suspended or disbarred in the check of the www.sam.gov list system will be disqualified under the Request for Proposals.

☐ This Section 19 (“Suspension and Debarment Status”) applies to this Request for Proposals.

~ End of Section ~
Summary Title: Auditor Resource Evaluation

Title: Issuance of a Request for Proposals (RFP) for an Evaluation of Organizational and Resource Options for the City Auditor’s Office and Refer to the Council Appointed Officers Committee Evaluation of the RFP Results and Development of Recommendations to the Council

From: City Manager

Lead Department: City Manager

Recommendation
Staff, in consultation with the Mayor, recommends that Council take the following actions: (a) refer to the Council Appointed Officers Committee the evaluation of organizational and resource options for resourcing the Office of the City Auditor; (b) direct staff to issue a Request for Proposals for consultant support for this evaluation; and, (c) authorize the Council Appointed Officers Committee to recommend a consultant selection and review the consultant’s report and use it to guide the development of options for subsequent consideration by the full City Council.

Background
With retirement of the current City Auditor Harriet Richards, the City is in need of qualified professional services to perform auditing services. In the near term, this includes oversight of ongoing audit work and review in-progress and final work products, including coordination and oversight of the ongoing work by staff within the Office, in a manner in keeping with professional standards and City Council expectations. For the longer term, and in anticipation of recruiting the next City Auditor, the City Council can consider obtaining a third-party evaluation of options for managing the Auditor’s workplan, including best practices in organizational structure and staffing levels.

Discussion
Based on the immediate need for qualified professional support, staff contacted several consulting companies and has identified a consulting company, Management Partners, that can provide audit support services for an interim period. Management Partners will assign a senior consultant with appropriate licensure and experience to oversee the
ongoing work and products from the City Auditor’s Office. The recommended agreement is expected to span roughly four to six months, with expenses for an initial scope within the City Manager’s contracting authority. In addition, the City’s Human Resources Department will assign a manager to provide ongoing personnel supervision and support to staff in the City Auditor’s Office.

As the City Council looks forward to the recruitment of a new City Auditor, it is appropriate to review the responsibilities assigned to this office as well as its organizational resources.

Duties of the City Auditor are defined by the City Charter:

    It shall be the duty of the city auditor to ensure that the city departments and officers responsible for accounting and financial management activities comply with statutory requirements and accounting standards. It shall be the duty of the auditor to conduct internal audits of all the fiscal transactions of the city including, but not limited to, the examination and analysis of fiscal procedures and the examination, checking, and verification of accounts and expenditures; and the city auditor shall provide other analyses of financial and operating data as directed by the city council. The city auditor shall conduct internal audits in accordance with a schedule approved by the city council and may conduct unscheduled audits from time to time. The results of these audits shall be reported in writing to the city council and the city manager. In addition, the auditor shall have such other duties as the council may by ordinance direct. (Charter, Art. IV, Sec. 12.)

The resources needed to perform these duties could be provided in a variety of manners, ranging from entirely in-house staffing to project-specific consultant engagements, or a combination of resources. Given the City Council’s ongoing review of the City’s strategy for fiscal stability, including the costs and funding necessary for city employee pensions, this is an appropriate time to review organizational options for resourcing the City’s audit function.

In order to provide the City Council with a comprehensive review of options, staff will issue a Request for Proposals (RFP) for consulting services. The scope of services requested will consist of the following:

1. Research and provide a comparison of Palo Alto’s City Auditor function with other similar government agencies. This should include, but not be limited to the following:
   a. duties and organizational placement of independent audit function;
   b. staffing and budget relative to citywide budget;
   c. annual number of audits generated, and cost per audit;
   d. hours spent per audit, both by auditors and responding organizations; and,
   e. other objective measures of audit productivity and effectiveness.
2. Identify and develop recommendations for the allocation of responsibilities between the Office of the City Auditor and responsibilities that fall under other Council Appointed Officers. Specifically, relative to functions under the City Manager (“the Administration”), evaluate organizational options associated with placement of audit functions within the Administration versus independent of the Administration given the ultimate goals of transparent, efficient, and effective services to the public.

3. Review and provide best practice comparisons of the current City Auditor organizational and resource structure to other agencies, professional standards, and applicable research.

4. Review and develop recommendations for the professional qualifications and licensure required for the City Auditor position.

5. Consult as needed with the City’s Council Appointed Officer Committee throughout the engagement, and present results to the full City Council upon completion.

The review of proposals and recommended selection of provider for these services will be routed through the Council Appointed Officers Committee. Depending on the budget required to complete the requested tasks, the Council Appointed Officers Committee’s recommendation will either be referred to staff for ministerial contract award, or forwarded to the full City Council for approval.

Once a contract is awarded, the Council Appointed Officers Committee would be assigned to work with the consultant to ensure completion of the expected scope, discuss the consultant’s findings, and develop recommendations that will then be forwarded to the full City Council for consideration.

**Timeline, Resource Impact**
Funding for the contractual services required will be provided from salary savings in the City Auditor’s Office and Council Contingency if needed. Consulting services for the interim will begin immediately, as will issuance of the RFP for the evaluation of organizational and resource options. Sufficient salary savings in the Office of the City Auditor are anticipated to be available for the actions recommended in this report.

**Environmental Review**
This is not a project as defined by the California Environmental Quality Act.
The Compensation and Benefits

This at-will position, reporting to the City Council, will include a negotiated and mutually agreeable employment contract with executive level benefits. The salary for the City Auditor will be based on career experience, qualifications, and certifications. The City is committed to compensation appropriate to attracting and retaining a strong candidate. The City anticipates base salary between $150,000 and $175,000, depending on qualifications and experience. Actual compensation is subject to negotiation and may be higher or lower than the listed range.

The City offers a comprehensive executive benefit package including:

- Retirement
  - Classic Members: CalPERS; 2% at 60 benefit formula.
  - New Members: CalPERS; 2% at 62 benefit formula.
  - The City does not participate in Social Security
- Fully paid employee and dependent Dental Plan
- 96% paid employee and dependent Medical Plan (Up to the second most expensive plan offered)
- Fully paid employee and dependent Vision Plan
- Fully paid Life and AD&D insurance equal to annual salary
- Long Term Disability plan
- Vacation / Sick Time / Holidays

Additionally, the City may consider a moving/relocation package for an out-of-area candidate. Details of benefits offered are available upon request.

The Recruitment Process

This is a confidential process and will be handled accordingly throughout the various stages of the process. Resumes will be reviewed and evaluated upon receipt of information. Candidates are asked to apply prior to Monday, January 6, 2014. This position is open until filled.

To be considered, candidates must submit a compelling cover letter, comprehensive resume, salary history, and six (6) professional references via email to apply@ralphandersen.com. Professional references will not be contacted until mutual interest has been established. Top candidates will be required to sign a release form to authorize verifications to be conducted, including employment history, degrees obtained, and other certifications. In addition, extensive background and reference checks will be conducted.

If you have questions or would like to discuss this opportunity further, please call Heather Renschler at (916) 630-4900 or email heather@ralphandersen.com. Confidential inquiries are welcomed.

City Auditor Recruitment Timeline

- Close Search by: Monday, January 6, 2014
- Resumes Presented: Early January 2014
- First Round of Interviews: End of January 2014
- Second Round of Interviews, if necessary: Early February 2014
- Final Selection/Offer: Early to Mid-February 2014
- Start Date: March 2014 (or sooner)

Questions regarding compensation and benefits can be directed to Heather Renschler, Ralph Andersen & Associates, at (916) 630-4900.

This at-will position, reporting to the City Council, will include a negotiated and mutually agreeable employment contract with executive level benefits that may also include moving and relocation expenses for the selected candidate.

The City of Palo Alto celebrates diversity in the workforce and is an Equal Opportunity Employer. The City does not discriminate on the basis of race, religion, color, sex, gender, age, national origin, or disability.

Office of the City Auditor

“To promote honest, efficient, effective, and fully accountable city government.”

Apply by January 6, 2014
Palo Alto is an award-winning City recognized nationally as innovative and well-managed, one of a small number of California cities with a AAA bond rating. City services and performance receive high marks from citizens in the annual citizens survey conducted each year by the National Research Center in Boulder, Colorado. Many Palo Alto citizen ratings put City programs and services in the highest percentiles among the hundreds of benchmark cities in the survey. As a rule, the City employs very thorough processes and proactively seeks to involve its highly informed, educated, and involved constituents. Projects are naturally a cooperative effort between citizen-review boards, City Council, engaged residents, developers, and staff.

The City Auditor's Office (Office) conducts performance audits and reviews of City departments, programs, and services. The Office reports quarterly to the City Council on the status of audit projects and annually on the status of open audit recommendations. Additionally, the Office also coordinates the annual citizen survey and issues the annual City of Palo Alto Service Efforts and Accomplishments Report summarizing costs, workload, and performance results for City services.

This award-winning Office provides a variety of services at the direction of the City Council including:

**Performance Audits:** Performance audits assess the economy, efficiency, and effectiveness of specific programs and activities. This includes determining whether a program is operating in the most economical and efficient manner possible; assessing whether the program is meeting its stated goals and objectives; and testing for compliance with laws and regulations.

**Financial Audits:** In accordance with the City Charter, an independent, certified public accounting firm conducts the annual audit of the City’s financial statements. The Office coordinates the work of the independent accounting firm. The Auditor’s Office also conducts other financial-related audits.

**Revenue Audits:** Periodic audits of City revenues including property tax, documentary transfer fees, transient occupancy tax, and utility users tax. The quarterly sales tax review is designed to identify misallocations of Palo Alto’s share of sales tax revenue, and to identify Palo Alto retail businesses that are not filing local sales tax returns.

**Special Studies:** Independent data collection, analysis, and reporting are handled as special studies and are intended to provide timely and objective information to the City Council, City management, and the public. Special studies and reports are subject to the same rigorous audit methodology regarding data collection and quality control reviews as are other audit products.

### The City Auditor

The City Auditor is an at-will executive position reporting to the City Council. This position is one of four Council Appointed Officers and serves as an independent advisor and resource to the Council to ensure the effective and efficient operation of municipal functions and compliance with all relevant laws and regulations including internal procedures for operating departments.

As acting as the internal consultant to the organization, the City Auditor will also be a leader closely with the City Manager to ensure an independent yet collaborative approach to efficient, effective, and enhanced municipal operations. Additionally, the City Auditor will be an advocate for best practices in local government and focus review efforts in a positive and constructive manner vs. fault-finding. All CACs are part of the City’s Executive Leadership Team and the City Auditor will be expected to actively participate and contribute at this level yet maintain the level of independence necessary to meet the essence of this important position.

The City Auditor oversees a robust and active auditing office with one professional staff member.

### The Ideal Candidate

The City Council is seeking a proactive and dedicated individual with the highest level of honesty and integrity. The ideal candidate will have a passion for professionalism, timeliness in reporting, and a strong desire to improve outcomes by identifying inefficiencies. A high degree of political sensitivity is also needed and the ability to discern areas where a focus on investigative efforts is warranted. The ideal candidate will also be a strong advocate for promoting best practices in local government. This is particularly important in an organization like the City of Palo Alto, where feedback and suggestions are welcomed in an open, constructive, and straightforward manner. Additionally, the selected candidate will be expected to quickly build strong working relationships and trust with a wide array of constituents, internal and external, to the City.

In regard to direct reports and support staff, the Auditor will also be seen as a leader, excellent manager, and mentor; one who is able to identify and utilize each employee’s individual strengths, while encouraging staff development and professional growth.

**The ideal candidate will possess the following personal characteristics and abilities:**

- Commit to action when dealing with pressure and ambiguity of complex and controversial issues and situations;
- Contribute to the overall good of the organization through effective and timely reporting;
- Prepare and deliver effective presentations; and
- Be comfortable dealing with an engaged public in a highly visible environment.

The well-rounded candidate will also have specific professional experience that includes:

- Advisory and consultative approach to auditing;
- Demonstrated knowledge and ability to implement Government Auditing Standards (Yellow Book);
- Participation in and a strong advocate for the nationally recognized Peer Review Program;
- Benchmarking and comparative studies for progressive and innovative government organizations;
- Long-range strategic audits to address service delivery and best practices in local government; and
- Operational analysis including modeling, asset management, risk evaluation, and overall assessment.

### Qualifying Education and Experience

**Education:** Bachelor’s degree is required; Master’s degree preferred.

**Experience:** This position requires significant experience in developing, leading, and issuing performance audits. Experience can be drawn from government or private sector, preferably in the conduct of performance audits and compliance for public agencies. This is a national search effort and all highly qualified individuals are encouraged to submit qualifications for consideration. Final selection of top tier candidates will be based on the combination of education and experience that best fits the City of Palo Alto’s needs.

**Certification Required:** The City Charter requires that candidates for consideration must be a licensed certified public accountant (CPA) or certified internal auditor (CIA).
Palo Alto is a Charter City with a council-manager form of government and a nine-member City Council elected at-large. The Mayor and Council appoint the City Manager who is responsible for the strategic direction and day-to-day operations of the City government, which is organized into fourteen City departments, programs, and services. The Office reports quarterly to the City Council on the status of audit projects and annually on the status of open audit recommendations. Additionally, the Office also coordinates the annual citizen survey and issues the annual City of Palo Alto Service Efforts and Accomplishments Report summarizing costs, workload, and performance results for City services.

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**Certification Required:** The City Charter requires that candidates for consideration must be a licensed certified public accountant (CPA) or certified internal auditor (CIA).
The Compensation and Benefits

This at-will position, reporting to the City Council, will include a negotiated and mutually agreeable employment contract with executive level benefits. The salary for the City Auditor will be based on career experience, qualifications, and certifications. The City is committed to compensation appropriate to attracting and retaining a strong candidate. The City anticipates base salary between $150,000 and $175,000, depending on qualifications and experience. Actual compensation is subject to negotiation and may be higher or lower than the listed range.

The City offers a comprehensive executive benefit package including:
- Retirement
  - Classic Members: CalPERS; 2% at 60 benefit formula.
  - New Members: CalPERS; 2% at 62 benefit formula.
  - The City does not participate in Social Security
- Fully paid employee and dependent Dental Plan
- 96% paid employee and dependent Medical Plan (Up to the second most expensive plan offered)
- Fully paid employee and dependent Vision Plan
- Fully paid Life and AD&D insurance equal to annual salary
- Long Term Disability plan
- Vacation / Sick Time / Holidays

Additionally, the City may consider a moving/relocation package for an out-of-area candidate. Details of benefits offered are available upon request.

Questions regarding compensation and benefits can be directed to Heather Renschler, Ralph Andersen & Associates, at (916) 630-4900.

The Recruitment Process

This is a confidential process and will be handled accordingly throughout the various stages of the process. Resumes will be reviewed and evaluated upon receipt of information. Candidates are asked to apply prior to Monday, January 6, 2014. This position is open until filled.

To be considered, candidates must submit a compelling cover letter, comprehensive resume, salary history, and six (6) professional references via email to apply@ralphandersen.com. Professional references will not be contacted until mutual interest has been established. Top candidates will be required to sign a release form to authorize verifications to be conducted, including employment history, degrees obtained, and other certifications. In addition, extensive background and reference checks will be conducted.

If you have questions or would like to discuss this opportunity further, please call Heather Renschler at (916) 630-4900 or email heather@ralphandersen.com. Confidential inquiries are welcomed.

City Auditor Recruitment Timeline
- Close Search by: Monday, January 6, 2014
- Resumes Presented: Early January 2014
- First Round of Interviews: End of January 2014
- Second Round of Interviews, if necessary: Early February 2014
- Final Selection/Offer: Early to Mid-February 2014
- Start Date: March 2014 (or sooner)

The City of Palo Alto celebrates diversity in the workforce and is an Equal Opportunity Employer. The City does not discriminate on the basis of race, religion, color, sex, gender, age, national origin, or disability.
1. Background

The contractor will assist the Board in its exercise of powers under County Charter Section 302c. This Charter provision authorizes the Board to inquire into the conduct of any office or department to which the County contributes money. The Board's Finance and Government Operations Committee (Committee) Chairman will manage the work of the contractor.

The initial contract period for these services will cover a nine month period, commencing October 1, 2010. The Board will have the option to extend the contract on an annual basis for a total of four additional years plus a 3 month option at the end of the last year before conducting another competitive selection process.

The County adopted a Charter form of government in 1950. It provides a wide range of services with an annual fiscal year 2009-2010 budget of more than a $4 billion for all funds. It employees a work force of more than 15,000 authorized full-time equivalent positions. The County’s services include a tertiary acute care hospital facility, law enforcement, corrections, library services, and social services, as well as general government functions.

2. Scope

The County's Request for Proposal for management audit services calls for the contractor to supply onsite appropriate professional staff and consultants to perform certain services. The services include: economy and efficiency performance audits; program performance audits; management and technical audits; ancillary audit services; analysis of annual budgets; support of whistle blower program; and special projects as assigned by the Board.

3. References

2. Board Policy 3.35 (Attached as Exhibit B and incorporated by reference)
Appendix A-1
Services Requirements

3. Government Auditing Standards (also referred to as the Yellow Book) issued by the Comptroller General of the United States of the U.S. Government Accountability Office (GAO)
http://www.gao.gov/govaud/ybk01.htm

4. Whistle Blower Ordnance, Santa Clara County Ordinance Code section A 25-750 et seq. (Attached as Exhibit C and incorporated by reference)

4. Requirements

A. Audit Process

1. Contractor will develop a proposed annual audit plan based on two sources. The first is responses received to a request for audit suggestions sent to each Board member. The second is a comprehensive risk assessment model, developed by the Contractor to identify in priority order the functions or departments to audit. Contractor may in its discretion, request audit suggestions from Board appointees and/or independently elected officials. The proposed annual audit plan will include tasks, estimated hours per task, and adequate scope description for each audit. The Board as a whole will establish the annual audit plan including the projects to be included and order of completion, and may revise the annual audit plan as it deems necessary.

2. All audits must be conducted in accordance with applicable governmental auditing standards. Contractor is expected to maintain its independence in all projects conducted. If there is any question of a lack of independence or the appearance of a lack of independence, the situation must be reported to the Committee.

3. Matters discovered by Contractor that have the potential to expose the County to claims, litigation, administrative or compliance action, or criminal charges against the County or any County employee, must only be reported by Contractor to the County Counsel, unless the Contractor has other clear contrary legal obligations. Those obligations would be only in those limited circumstances when fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse must be reported to an external agency and the officials of the County fail to take remedial steps. In any event, prior to any communication by Contractor outside the County regarding a matter, Contractor must inform the County Counsel about the matter and County Counsel will inform the Board of Supervisors about the matter.
Appendix A-1
Services Requirements

4. For all audits and other projects, unless otherwise directed by the Board as to those matters that are discussed pursuant to State law in closed session and communicated to the auditors by County Counsel, a public report must be issued and presented to the Board. Contractor must assign a priority to each recommendation made in an audit. At the completion of each audit, Contractor must first present the results of the audit to the Committee. Other services as described above may require oral or written reports that will be distributed or made directly to the Board and/or to County Counsel, as determined by the Board.

5. Interaction between Contractor and County staff must include the following: (a) Contractor must provide responsible department management with the opportunity to provide a written response to the final draft report of the audit or study; (b) Contractor must conduct entrance and exit conferences with responsible department management; (c) Contractor must discuss the findings of the audit or study with responsible department management; and (d) Contractor must formulate recommendations and/or obtain commitment to corrective action prior to the issuance of the final report and presentation to the Committee.

B. Project Managers; Assessment of Performance
1. Contractor must employ a partner-level individual who must be approved by the Board of Supervisors, as an on-site Project Manager for the purpose of performing the services under this Agreement. Contractor must submit name and resume of the individual proposed to be the Project Manager together with the annual- self-assessment required in section 3.B.3 below. The Contractor's Project Manager must be available to consult with the Board regarding audit assignments. Contractor's Project Manager must have full responsibility for the audits assigned and must plan, supervise, and report the results of each audit to the Board.

2. County designates the Chair of the Finance and Government Operations Committee as its Project Manager for the purpose of managing the services performed under this Agreement.

3. Contractor must submit an annual self-assessment performance evaluation to the Board of Supervisors by May 1 of each year in the form provided by the County. (See Exhibit A, attached and incorporated by reference.)
4. At Contractor’s own expense, Contractor must arrange for an external quality control review of the County’s Management Audit Program in accordance with current Government Auditing Standards. First review must occur by June 30, 2012, and at least every 3 years thereafter. Results will be reported to the Board through the Committee.

C. Compliance with Government Auditing Standards
Contractor must follow the generally accepted government auditing standards (GAGAS), set forth in the Government Auditing Standards (the "yellow book"), when conducting audits and related services under this Agreement.

5. Task Requirements
Description of Services
Contractor must provide appropriate professional staff and consultants on site to perform services to County as described in this Section. Contractor will conduct: economy and efficiency performance audits; program performance audits; management and technical audits; ancillary audit services; analysis of annual budgets; support of whistle blower program; and special studies or projects as assigned by the Board.

1. Economy and efficiency performance audits must include determining: (a) whether the entity is acquiring, protecting, and using its resources, such as personnel, property, and space, in an economical and efficient manner; (b) the cause of inefficiencies or non-economic practices and/or procedures and (c) whether the entity has complied with laws and regulations on matters of economy and efficiency.

2. Program performance audits must include determining: (a) the extent to which desired results or benefits established by the legislature or other authorizing body are being achieved; (b) the efficiency and effectiveness of organizations, programs, activities, or functions; and (c) whether the entity has complied with significant laws and regulations applicable to the program.

3. Management and technical audits must include determining whether: (a) explicit plans are developed to achieve clearly defined results; (b) an appropriate structure of management authority and responsibility exists; (c) management has clearly communicated its expectations to those
Appendix A-1
Services Requirements

responsible for operations; (d) operations are regularly monitored and evaluated; (e) management controls and procedures are appropriately documented; and (f) technical methods are being used appropriately for the operations performed.

4. Ancillary audit services must include, but are not limited to: (a) independent review of county legislation with a fiscal impact that is presented to the Board for action; (b) independent staff analysis for committees of the Board, including independent budget analysis or certification of revenue and expenditure forecasts made by the County Executive or other elected officials; (c) risk assessments as approved by the Board or the Board’s Finance and Government Operations Committee ("Committee"), Which serves as the Board Audit Committee, for specific functions, projections, programs, or the County as a whole; (d) monitoring and follow-up reporting on outstanding audit recommendations; and (e) any other assignments deemed appropriate by the Board.

5. Budget Analysis of the annual recommended budgets from the County Executive will be conducted and reported to the Board prior to budget hearings.

6. Whistle Blower support includes an analysis and investigation for all complaints that are forwarded to the Management Audit Division. A final report must be made and files for all complaints, and a summary report must be filed every 6 months with the Board of Supervisors. The content and format will be determined by the Board.

7. The Board may have other information needs that arise rapidly and call for intensive activity by Contractor over a relatively short period of time. These other services may involve a brief review, development of information, or a detailed study that may require additional staffing not anticipated in the contract. Depending upon the scope of these additional projects and the Board’s priorities, the Board’s annual audit plan (discussed in Audit Process above) may be revised or the parties may by mutual agreement amend the Agreement to revise the maximum annual contract amount,

6. **End Result/Deliverable**
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Services Requirements

a. Contractor must submit to the Board semi-annual written status reports and an annual report that includes the status of each audit’s schedule and allocated hours in comparison to the schedule and allocated hours in the approved annual audit plan. These reports must be submitted to the Board through the Committee.

b. In Contractor’s discretion, or at the request of the Board or the Committee, Contractor will participate in an implementation monitoring process on outstanding high priority recommendations which the Board has approved for implementation, pursuant to applicable Board policy or Committee procedures.

c. If a special study requested by a Board member might or does exceed 24 staff hours to complete, the contactor must obtain Committee approval for special studies. The results of these special studies must be reported to the requesting Board member and to every other Board member at the same time.

7. Clerical Staff
Contractor must engage and furnish the necessary clerical support staff at Contractor’s expense.

8. Contract Oversight
Contractor must report to the County’s Project Manager, the Chairman of the Finance and Government Operations Committee. All Matters referred to Contractor must be handled in collaboration with the County’s Project Manager where applicable. The County’s Project Manager must administer and direct the work of the Contractor as related to this Agreement. The County’s Project Manager must monitor the total number of hours spent on each audit by Contractor. The Contractor’s Project Manager must report to the Committee regarding the services provided by Contractor under this Agreement through the quarterly status report and the annual report.

9. County Supplies Facilities
County will supply for Contractor’s use of office space, desks, chairs, filing cabinets, office supplies upon request, telephone for County business use only and telephone service to the 415, 510, and 650 area codes, and document reproduction facilities as required to perform the services under this Agreement, but not data processing equipment or services other than County e-mail address and access to County Network.
Appendix A-1
Services Requirements

The Contractor will be required to reimburse the County for the Fair Market Value of all services, equipment and space provided by the County except as noted below.

10. Access to Documents
At no charge to Contractor, County will furnish to Contractor any records, data, and other information which are, in the opinion of the County, necessary for the performance of this Agreement. Contractor will not remove any official documents from the Board's offices or any other County office. The County will provide Contractor with a copy of any document contained in the official County files which in the opinion of the Board is necessary for the performance of this Agreement. All documents prepared by Contractor in furtherance of this Agreement are the property of the County and must be delivered to the Clerk of the Board. County will provide timely access to staff and records as required by Contractor in fulfillment of the assignments pursuant to this Agreement.
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SECTION I

Introduction/Overview
A. Purpose/Objective

The City of Rockville is seeking the professional services of an experienced contractor to conduct a variety of performance audit services, on an as-needed basis, in response to requests from the Mayor and Council and/or the City Manager. The audit services could include financial, compliance, operational, investigative or other performance audits. The City desires to enter into a professional services contract with a qualified proposer who can demonstrate competency and experience in providing performance audit services for local governments. The City will assign each specific performance audit work assignment on an Engagement Task Order basis.

B. Term of Contract

The term of the contract awarded from this RFP shall be for a period of one (1) year. If the City determines it to be advantageous, it may extend the term of the contract for up to four (4) one-year periods.

C. Background

The City of Rockville is the third largest City in Maryland with a population of approximately 69,000 residents in approximately 28,000 residential units. It occupies 13.5 square miles within the metropolitan Washington, D.C. area, and is located 12 miles northwest of the nation’s capital and 35 miles southwest of Baltimore. Rockville possesses a strong sense of community and quality of life. It benefits from a highly-educated, ethnically-diverse and engaged citizenry, stable neighborhoods and a vibrant mixed-use downtown. The City has an employed labor force of over 80,000, with a major portion of the prestigious Interstate 270 biotechnology corridor located within the City’s corporate limits.

The City of Rockville operates under the council-manager form of municipal government and derives its governing authority from a charter granted by the General Assembly of Maryland. The governing body is the Mayor and Council, which formulates policies for the administration of the City. The Mayor and Council are comprised of one Mayor and four councilmembers that are elected at-large every four years. The Mayor and Council appoint the City Manager to serve as the City’s chief executive officer.

The Adopted Fiscal Year 2019 (FY19) annual operating budget is $136.2 million and a five-year capital improvements program (FY19-23) totals $67.7 million. The City employs 518 regular full-time employees.

Rockville provides a full range of municipal services including police, refuse and recycling, water, sewer, and stormwater, street maintenance and other public works functions, recreation programming, parks and facilities, special programs for senior citizens, youth and low-income residents, commercial and residential code enforcement, planning and zoning, and community development.

For general information about the City, the Mayor and Council, and City departments, please visit the City’s web site at http://www.rockvillemd.gov.
D. Statement of Work

1. Scope of Work

   a. The City of Rockville is seeking the professional services of an experienced contractor to conduct a variety of performance audit services, on an as-needed basis, in response to requests from the Mayor and Council and/or the City Manager. The audit services could include financial, compliance, operational, investigative or other performance audits.

   b. The performance audits should entail objective and systematic examination of evidence to provide an independent assessment of the performance and management of a program or function against objective criteria.

   c. The performance audits may entail a broad or narrow scope of work, apply a variety of methodologies, and involve various levels of analysis, research, or evaluation. The work will be summarized in a report with findings, conclusions, and recommendations. A presentation to the Mayor and Council and/or City Manager may be requested.

   d. The performance audits could encompass a wide variety of objectives, including assessing program effectiveness and results, economy and efficiency, internal control, compliance with legal or other requirements or other analysis.

   e. The performance audits will provide information to improve program operations and facilitate decision making by parties with responsibility to oversee or initiate corrective actions, and improve public accountability.

2. Contractor Responsibilities

   a. Maintain a pool of highly qualified performance auditors at all levels (Associate, Senior, Manager, Partner) assigned to provide professional services to meet the City’s performance audit efforts;

   b. Notify the City in writing of any changes of staffing from those listed in the contract. The City will not compensate the contractor for hours incurred to train new staff members assigned.

   c. At the request and direction of the City, use experienced performance auditors to develop performance audit plans and engagement proposals, to be approved by the City in the form of Engagement Task Orders;

   d. Execute fully defined Engagement Task Orders that deliver the agreed performance audit services to the City’s approval;

   e. Provide performance and resource management of performance audit services, including related reporting, under the direction of the City;

   f. Work with the City to remain cost conscious of task orders, remaining within the budget constraints of the City; and
g. Maintain a set of intellectual materials (studies, white papers, opinions, recommendations, strategies, plans, approaches, policies and practices, a knowledge database, applied experience documentation, organizational technology, relationships, and professional skills, etc.) to support performance audit services and make the material available for use by the City;

h. Conduct the work under applicable professional standards, including:
   - Federal and State rules and regulations,
   - Generally Accepted Government Auditing Standards (GAGAS i.e. the “Yellow Book”),
   - Standards for the Professional Practice of Performance Auditing and Local Governmental Units,
   - The latest American Institute of Certified Public Accountants (AICPA) industry guide: Audits of State and Federal and Maryland State rules and regulations,
   - Government Accounting, Auditing, Financial Reporting (GAAP),
   - The Federal Information System Controls Manual,
   - The National Institute of Standards and Technology (NIST),
   - The Institute of Internal Auditors (IIA),
   - Information Systems Audit and Control Association (ISACA),
   - International System Security Certification Consortium,
   - Committee on Sponsoring Organizations (COSO),
   - Other applicable regulation or guidelines.

3. Audit Engagements

The awarded contractor must be able to conduct a wide variety of performance audit engagements, in accordance with the following provisions. Because of critical time considerations, efficiency, or other circumstances, the City reserves the right to modify these provisions when it is in the best interest of the City.

a. The contractor shall not commence the service for any project until a task order has been executed and a Notice to Proceed has been issued for that project.

b. For each task or audit assigned, the contractor shall submit for approval before field work commences: an audit plan with detailed audit steps, personnel assignments, an estimate of hours, total cost and dates for completing various audit milestones and deliverables. If during an audit, the contractor reasonably determines that the hours to complete the task will exceed the originally approved estimated hours, the contractor must submit a written request to approve the additional time. The contractor’s written request must include all reasons for the additional time, as well as the new estimate of hours to complete the task.

c. The contractor shall arrange the entrance conference that is attended by the contractor and City staff identified by the City.

d. The contractor and designated City staff shall have periodic progress meetings during the audit. The contractor should submit a status report on a monthly basis.
e. The contractor shall prepare a draft report based on the findings identified during fieldwork. The findings must be fully documented in the contractor’s work papers. The contractor must produce audit reports and other deliverables of exceptional high quality.

f. The contractor shall send the draft report to the designated City staff for review and comment.

g. The contractor shall arrange an exit conference with appropriate City staff. At the exit conference, the auditee will be requested to provide a written response to the draft report within a specified time frame to the contractor, with a copy to the City. This response shall be communicated electronically and in hard copy.

h. The contractor, in conjunction with the designated City staff, will review the auditee’s response to determine if a rebuttal is warranted.

i. If a rebuttal is warranted, the contractor shall prepare it and include it after the auditee’s response.

j. The contractor shall incorporate the auditee response into the final report.

k. The contractor shall invoice the City when each deliverable has been accepted. Typical deliverables include the audit plan, the draft audit report and the final audit report. An itemized listing of hours spent on the project is to accompany the deliverables to the City.

l. The contractor shall provide a hard copy and an electronic copy of the final audit report.

m. The contractor shall perform engagement performance management and maintain related records and reports of its performance that include on-time milestones, within budget measurement, Client value indicator, lost time measurement, and client satisfaction survey results.

n. In the event of the contractor’s failure to comply with the established date of completion, the City reserves the right to make an open market purchase of the services. In addition to other remedies that are available to the City, the City may seek damages from the contractor in the amount of the difference between the costs to the City had the contractor performed the service and the actual costs incurred in order to complete the services.

o. Any project placed prior to, but not completed by the expiration date of the contract, will be completed by the contractor with all compensation and provisions of the contract still in force and effect until completion.

4. Deliverables

a. The contractor shall prepare and submit audit plans and audit reports. Audit reports shall be tailored to the requirements of the specific audit. However, reports will include but will not be limited to these sections:
• Executive Summary,
• Background,
• Objectives, Scope and Methodology,
• Findings,
• Recommendations, and
• Auditee Response.

b. Reports are to be prepared in a clear and concise manner. Detailed information is to be included in the body of the findings. When preparing the findings section in the audit report, the first sentence of each finding is to contain a synopsis of the finding, followed by detail information to fully support the finding. Recommendations are to be fully supported by and consistent with the findings.

c. The contractor will provide to the City a hard copy, as well as an electronic copy of the final report. The contractor will provide, in certain cases, a copy of the final report cross indexed to the contractor’s work papers, when requested.

d. The City will not compensate the contractor for time spent on revisions due to incorrect and/or poorly prepared written deliverables. When assigned a project, the contractor is to report monthly the hours used on the project and agreed performance indicators. With the submission of the deliverable, the contractor is to submit an itemized listing of hours with dates and descriptions of time utilized, and with the corresponding contractor personnel names to determine the number of hours used for the project to date and related performance level indicators.

e. Work papers are to clearly document interviews, audit steps, results of audit steps, audit findings and other documentation as relevant. The audit work papers shall be retained by the City. At the time the contractor submits their draft report, the City shall have the right to review the contractor’s work papers. Should the City reject a report, the contractor will be notified in writing of such rejection giving the reason(s). The right to reject a report shall extend throughout the term of the contract, and thereafter, if applicable, until completion of the audit and acceptance by the City.

f. Upon completion of the final report, the contractor may be requested to provide a presentation to the Mayor and Council and/or City Manager on key findings and recommendations.

5. City’s Responsibilities

a. For each engagement, the City responsibilities include, but are not limited to, the following:

• Providing the Engagement Task Orders;
• Approving the audit plan, including objectives, scope, and methodology, as prepared by the contractor;
• Commenting, reviewing and approving engagement letters;
• Notifying the contractor to proceed with the assignment;
• Conducting periodic progress meetings with the contractor, including performance level indicators;
• Assigning additional work based on information obtained during the preliminary work;
• Acting as a mediator between the auditee and the contractor;
• Reviewing the contractor’s draft audit report (or other engagement product) and providing comments on the draft;
• Reviewing the final draft report and notifying the contractor to finalize the audit report;
• Participating in performance management activities and client performance surveys as appropriate; and
• Approving the contractor’s invoice for payment.

b. The contractor will be given access to records of the City, and reasonable access to the staff for the purpose of interviews and the verification of items, within the terms of the audits. It is expected that the contractor will organize the work in such a way as to minimize disruption of work of the City employees in the pursuit of their normal duties.

E. Proposer Minimum Qualifications

Proposers must meet the following criteria to be considered for selection:

1. At least five (5) years of experience providing a wide range of performance audit services to state, local government, non-profit, or commercial entities, with a focus on local government performance audit experience;

2. Ability to quickly respond to expedited audit requests;

3. Ability to prepare and provide audit reports for engaged tasks in accordance with applicable standards;

4. Ability to demonstrate quality control procedures;

5. Ability to demonstrate that audit work papers and information is securely maintained and kept confidential;

6. Ability to provide a narration on the auditing process and work papers’ documentation to include but not limited to the following:

a. Document the process for conducting interviews and establishing findings during the audit;

b. Provide policies and practices on entrance and exit conferences during the audit; and

c. Describe the method of communicating internal control weaknesses.

7. Ability to demonstrate monitoring procedures for assuring the independence of management and employees;
8. Ability to demonstrate compliance with continuing professional education standards established by generally accepted government auditing standards (GAGAS 3.46); and

9. Competent technology skills in Microsoft Office Suite and data extraction programs.

F. Projected Project Schedule

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>TARGET DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP Issued</td>
<td>December 10, 2018</td>
</tr>
<tr>
<td>Proposer’s technical questions due via email</td>
<td>December 21, 2018</td>
</tr>
<tr>
<td>Addendum to RFP issued, if required</td>
<td>January 3, 2019</td>
</tr>
<tr>
<td>Proposals due to the City</td>
<td>January 22, 2019</td>
</tr>
<tr>
<td>Proposer oral presentations, if required</td>
<td>Week of February 18, 2019</td>
</tr>
<tr>
<td>Proposer discussions/negotiations</td>
<td>Week of March 4, 2019</td>
</tr>
<tr>
<td>Contract Award</td>
<td>Week of April 1, 2019</td>
</tr>
</tbody>
</table>

The target dates provided are estimates and may be subject to change during the process.

G. Procurement Contact

The sole point of contact at the City for purposes of this RFP, prior to the award of any contract is, Jessica Lewis, Director of Procurement:

Jessica Lewis, Director of Procurement  
City Hall - Procurement Division  
111 Maryland Avenue  
Rockville, MD 20850  
Telephone: (240) 314-8432  
Email: jjlewis@rockvillemd.gov

H. Contract Administrator

The designated contract administrator following contract award will be:

Sara Taylor-Ferrell  
City Clerk/Director of Council Operations  
111 Maryland Avenue  
Rockville, MD 20850  
Telephone: (240) 314-8283  
Email: sferrell@rockvillemd.gov