



City of Hidden Hills

Request for Proposals

Professional Auditing Services

For Fiscal Year Ending 2020, 2021 and 2022

RFP Issue Date: February 12, 2020

RFP Closes: March 13, 2020

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Introduction

The City of Hidden Hills (City) is requesting proposals (RFP) from qualified certified public accounting firms to audit its financial statements for the three (3) fiscal years beginning with the fiscal year ending June 30, 2020, with the option of extending the contract for two (2) additional one-year periods, at the City’s sole discretion. These audits are to be performed in accordance with generally accepted auditing standards, *Governmental Auditing Standards* issued by the Comptroller General of the United States, and U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Additional information is found in the Scopes of Services (Attachment II).

Background

The City of Hidden Hills was incorporated in October 19, 1961. It is a residential community with a population of approximately 2,000 residents living within an area of under 2 square miles. Hidden Hills is situated between the western foothills of the San Fernando Valley in Los Angeles County and the Ventura County line, California.

The City has three (3) full-time employees and six (6) contract staff. Services provided by the City include administration, maintenance of streets, emergency preparedness, planning, building and inspection. Hidden Hills is a limited service city and contracts with Los Angeles County for police services and City of Calabasas for library services. The City does not provide fire services, water or sewer utilities; these services are provided by separate outside agencies.

Hidden Hills is a general law city with five City Council members elected at large and operates under a Council-Manager form of government. The Mayor and Mayor Pro Tem are selected annually by the City Council to serve one-year term. The City Council acts as the legislative and policy-making body of the City, enacting laws and directing such actions as required providing for the general welfare of the community. The City Manager is appointed by the City Council and is responsible for carrying out the policies and ordinances established by the City Council, and for overseeing the day-to-day operations of the City. The City Attorney responsibilities are contracted out. The City Council typically meets on the second and fourth Monday of the month at 6:30 p.m.

The City’s total operating budget for Fiscal Year 2019-20 is approximately 3.3 million and the total budget for all funds is approximately \$6.3 million. Actual budget by fund type as follows:

Fund Type	Budget Amount
General Fund	\$3,364,950
<u>Special Revenue Funds</u>	<u>\$2,996,653</u>
Total	\$6,361,603

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The City only uses the following fund types in its financial reporting for both internal tracking and Annual Financial Report purposes. There are no proprietary funds nor fiduciary funds. The number and type of funds are subject to change based on the needs of the City. Any such change shall not result in a change in the audit fee.

Fund Type	Number of Individual Funds	Number of AFR Funds
Governmental Funds:		
General Fund	1	1
Special Revenue Funds	12	11
TOTAL FUNDS	13	13

For further information, City's past two years AFRs' and current and last year adopted budget are located on the City's website at: <https://hiddenhillscity.org/city-departments/finance/>

Lance, Soll & Lunghard, LLP served as the City's auditor in the past years.

Project Schedule

The City reserves the right to make changes to the below schedule, but the current schedule for the implementation of this bid process is as follows:

RFP Issued	Wednesday, February 12, 2020
Questions Due	Friday, February 29, 2020
Responses to questions provided by	Friday, March 6, 2020
Submittals Due	Friday, March 13, 2020, 5:00 p.m.
Staff Review	March 16, 2020 to March 20, 2020
Presentations/Interview	Week of April 6, 2020
City Council review/approval	Monday, April 27, 2020
Implementation begins	Monday, June 22, 2020

Response Submittal

Interested firms shall submit three (3) copies of the proposal **no later than March 13, 2020 at 5:00 p.m.** No Late submittals will be accepted. "City of Hidden Hills 2020 Professional Auditing Services RFP" must be clearly marked on the outside of the envelope.

Submit Proposal to:

City of Hidden Hills
6165 Spring Valley Rd.
Hidden Hills, CA 91302

Additionally, one electronic copy of the proposal shall be sent to staff@hiddenhillscity.org by 5:00 p.m. on March 13, 2020 for a proposal to be considered.

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RFP for Professional Auditing Services

Any requests for clarification or other questions concerning this RFP must be submitted via email to Theresa Folk (as shown below) no later than February 29, 2020. Responses to all questions will be provided to all known interested parties by March 6, 2020.

Theresa Folk, Accounting Specialist

Email: theresa@hiddenhillscity.org

General Requirements

The City of Hidden Hills reserves the right to reject any or all responses, to waive any informality in any responses, and to select the vendor that best meets the City's needs.

Responses must be submitted no later than the date and time stated on this RFP cover sheet. Responses shall be reviewed and rated as set forth in the Selection Process section of this RFP. The City will then determine which firm best meets the City's requirements.

The City reserves the right to negotiate final pricing with the most qualified firm. The City may invite selected firms to meet with the evaluation team on or around the week of April 6, 2020, at no additional cost to the City.

The City's standard Contract Services Agreement is included as Attachment I. Upon award of the contract, it is expected that the successful proposer will accept the Agreement terms and conditions "as is" without modification. Any contract modifications are to be stated upfront, at the time of submittal.

At the time the contract is awarded, the firm must be able to provide all required insurance documentation to the City. If these requirements are not met, the City reserves the right to select the next best qualified vendor.

Any costs incurred in the preparation of a response, presentation to the City, travel in conjunction with such presentations, or samples of items shall be the responsibility of the respondent. The City assumes no responsibility and no liability for costs incurred by respondents prior to issuance of a contract.

The proposer shall furnish the City with such additional information as the City may reasonably require.

All data, documents and other products used or developed during performance of the services will remain the property of the City.

Submittal Requirements

The City requests responses be organized in a logical format that is relevant to these services. The responses shall also be concise, excluding excessive or irrelevant material.

Personnel - This section shall identify the Partner, Manager, and other key personnel and any sub-consultants assigned to the services. Provide information on the training, government auditing experience, and specialized skills of each person and whether each person is licensed to practice as a certified public accountant in California.

Company Background - Firms must provide the following information regarding the organization:

- Name
- Street Address
- City, State, Zip Code
- Corporate Structure
- State/Country of Incorporation
- Website
- Contact Information

In addition, please include the size of the firm, the size of the firm's governmental audit staff, and the location of the office from which the work on this engagement will be performed.

Firms should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards. Firms should provide an affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in California.

Firms shall submit a copy of its most recent quality control review. Firms shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm with state regulatory bodies or professional organizations, as well as any pending or settled litigation, during the past three years.

Audit Approach - The proposal should set forth a detailed work plan, including an explanation of the audit methodology for providing the services required in this RFP. Include a proposed timeline for the fiscal year 2019-20 audit.

References - For the firm's office that will be assigned responsibility for the audit, provide a list of the most significant engagements performed in the last five years that are similar to the engagement described in this Request for Proposal. Indicate the scope of work, dates, engagement partners, total hours and contact information for the client.

Cost Summary - The Cost Summary should contain, itemized pricing for each of the five potential fiscal years. The total maximum annual price should contain all direct and indirect costs, including out-of-pocket expenses. Please use the Cost Summary (Attachment III) to submit pricing.

The proposal should include the anticipated number of hours and distribution by staff classification. The proposal should also include a schedule of rates by professional staff classifications for audit services and consulting services.

Signature - The response shall be signed by an official authorized to bind the firm, and shall contain a statement to the effect that the proposal is valid for ninety (90) days.

Overview and Scope of Services

This Request for Proposals is for Professional Auditing Services as set forth in Attachment II – Scope of Services.

Selection Process

Staff will review the proposals and make a recommendation to the City Council for review (tentatively scheduled for April 27, 2020). The City intends to evaluate the proposals based upon the data presented in response to the RFP. The following general selection criteria will be used to evaluate each proposal:

1. Ability to meet service requirements; understanding the needs and requirements of the City; scope and services offered.
2. Experience, qualifications and knowledge of key personnel; references for similar work completed within the last three years. (Particular emphasis will be placed in the area of customer support.)
3. Proposed pricing.
4. Completeness of responses to the Request for Proposals.

Attachment I

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into as of _____ day of _____, 2019 ("Effective Date") by and between the City of Hidden Hills, a municipal corporation ("City") and _____ ("Consultant").

RECITALS

A. City desires to obtain certain professional services as described in this Agreement.

B. Consultant represents that it is qualified by virtue of experience, training, education and expertise to provide the services required by the City.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

1. Term of Agreement. This Agreement shall commence on the Effective Date and shall remain and continue in effect until the Services are completed, unless sooner terminated as provided in Section 14.

2. Consultant's Services.

A. Scope of Services. Consultant shall perform the services described in the Scope of Services ("Services") attached as Exhibit A. To the extent that Exhibit A is a proposal from Consultant, such proposal is incorporated only for the description of the scope of services and no other terms and conditions from such proposal shall apply to this Agreement unless specifically agreed to by the City in writing.

B. Standard of Performance. Consultant shall at all times faithfully and competently perform the Services in accordance in a manner satisfactory to the City and consistent with the skill and standard of care generally exercised by like professionals under similar circumstances.

C. Time of Performance. Consultant shall commence the Services upon receipt of a written notice to proceed from City and shall perform all Services in conformance with the timeline set forth in Exhibit A or as otherwise established by the Parties in writing.

D. Personnel. Consultant has, or shall secure at its own expense, all personnel required to perform the Services required under this Agreement. All of the Services shall be performed by Consultant or under its supervisions, and all personnel engaged in the work shall be qualified to perform such Services.

E. Compliance with Laws. Consultant shall keep itself informed of State and Federal laws and regulations which in any manner affect the performance of its Services under this Agreement. Consultant shall at comply with all applicable federal, state and local laws, ordinance, codes and regulations. The City shall not be liable at law or in equity occasioned by failure of Consultant to comply with this provision.

F. Permits and Licenses. Consultant shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the performance of the Services under this Agreement, including a business license.

3. Compensation.

A. Compensation. As full compensation for Services satisfactorily rendered, City shall pay Consultant _____, as more particularly described in Exhibit A (“Consideration”). Said Consideration shall constitute reimbursement of Contactor’s fee for the Services as well as the actual cost of any staff time, other direct or indirect costs or fees, including the work of employees, consultants and subcontractors, equipment, materials, and supplies necessary to provide the service (including all labor, materials, delivery, tax, assembly, and installation, as applicable). In no event shall the Consultant be paid more than _____ (which includes expenses and additional services (if any) during the term of this Agreement.

B. Expenses. City shall reimburse Consultant for those expenses expressly set forth in Exhibit A. Any expenses incurred by Consultant which are not expressly authorized by this Agreement will not be reimbursed by City.

C. Additional Services. City shall not allow any claims for additional Services performed by Consultant, unless the City Council or City Representative, as applicable, and the Consultant Representative authorize the additional Services in writing prior to Consultant’s performance of the additional Services or incurrence of additional expenses. Any additional Services or expenses authorized by the City Council or City Representative shall be compensated at the rates set forth in Exhibit A, or, if not specified, at a rate mutually agreed to by the Parties. City shall make payment for additional Services and expenses in accordance with Section 4 of this Agreement.

4. Method of Payment.

A. Invoices. Consultant shall submit to City an invoice, on a monthly basis or as otherwise set forth in Exhibit A, for actual Services performed pursuant to this Agreement. Each invoice shall itemize the Services rendered during the billing period, hourly rates charged, if applicable, and the amount due. City shall review each invoice and notify Consultant in writing within thirty business days of receipt of any disputed invoice amounts.

B. Payment. City shall pay all undisputed invoice amounts within 30 business days after receipt. City does not pay interest on past due amounts. City shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Consultant.

C. Audit of Records. Consultant shall make all records, invoices, time cards, cost control sheets and other records maintained by Consultant in connection with this Agreement available during Consultant’s regular working hours to City for review and audit by City.

5. Independent Contractor.

A. Consultant is and shall at all times remain as to City a wholly independent contractor. Personnel performing the Services on behalf of Consultant shall at all times be under Consultant’s exclusive direction and control. Neither the City, nor any of its officers,

employees, or agents shall have control over the conduct of Consultant, or its officers, employees, or agents, except as set forth in this Agreement. Consultant shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or bind the City in any manner.

B. Consultant expressly acknowledges and agrees that City has no obligation to pay or withhold state or federal taxes or to provide workers' compensation or unemployment insurance or other employee benefits and that any person employed by Consultant shall not be in any way an employee of the City. Consultant shall have the sole legal responsibility to remit all federal and state income and social security taxes and to provide for his/her own workers compensation and unemployment insurance and that of his/her employees or subcontractors. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder.

6. Responsible Principal(s). Consultant's responsible principal _____, shall be principally responsible for Consultant's obligations under this Agreement and shall serve as principal liaison between City and Consultant. Designation of another Responsible Principal by Consultant shall not be made without prior written consent of City. City's Responsible Principal shall be Kerry Kallman, City Manager, who shall administer the terms of the Agreement on behalf of City.

7. Release of Information.

A. Consultant covenants that all data, reports, documents, studies, drawings, plans, maps, models, photographs, discussion, or other information (collectively "Data and Documents") developed by Consultant in the performance of this Agreement and/or information received by Consultant or provided for the performance of this Agreement are deemed confidential and shall not be disclosed or released by Consultant without prior written authorization by City. Consultant, its officers, employees, agents, or subcontractors, shall not without written authorization from the City Manager or unless requested by the City Manager, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant give the City notice of such court order or subpoena.

B. Consultant shall promptly notify the City should Consultant, its officers, employees, agents, or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request ("Discovery"), court order, or subpoena from any person or party regarding this Agreement and the work performed there under or with respect to any project or property located within the City. City may, but has no obligation to, represent Consultant and/or be present at any deposition, hearing, or similar proceeding. Consultant agrees to cooperate fully with City and to provide City the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

8. Ownership of Documents. All Data and Documents required to be furnished to City in connection with this Agreement shall become City's property, and City may use all or any portion of the Data and Documents submitted by Consultant as City deems appropriate. Upon

completion of, or in the event of termination or suspension of this Agreement, all original Data and Documents, including computer files containing data generated for the Services, surveys, notes, and other documents prepared in the course of providing the Services, whether in draft or final form, shall be provided to the City within five days of City's written request and shall become City's sole property. Any reuse or modification of any such Data or Documents on any project other than the project for which the materials were prepared shall be done at the sole risk of the City and Consultant shall bear no liability hereunder. With respect to computer files, Consultant shall make available to the City, at the Consultant's office and upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring, and printing computer files. Consultant may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Consultant.

9. Conflicts of Interest. Consultant affirms that it presently has no interest and shall not acquire any interest, direct or indirect, which may be affected by the Services, or which would conflict in any manner with the performance of the Services. Consultant further covenants that, in performance of this Agreement, no person having any such interest shall be employed by it. Furthermore, Consultant shall avoid the appearance of having any interest, which would conflict in any manner with the performance of the Services. Consultant shall not accept any employment or representation during the term of this Agreement which is or may likely make Consultant "financially interested" (as provided in California Government Code §§1090 and 87100) in any decision made by City on any matter in connection with which Consultant has been retained.

10. Indemnification.

A. Consultant shall hold harmless, and indemnify the Indemnitees from and against any actual, alleged, or threatened causes of action, claims, costs, damages, demands, expenses (including reasonable fees of accountants, attorneys, and other professionals), judgments, losses, and proceedings of any nature whatsoever (collectively, "Liabilities") that arise out of the negligent acts or omissions of Consultant or its subcontractors in connection with this Agreement.

B. Consultant's obligations under this section shall survive expiration or termination of this Agreement, and shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liabilities.

C. Consultant's obligations under this section shall not apply to Liabilities that arise from the negligence or willful misconduct of City, as determined by final arbitration or court decision or by consensus of the parties.

D. Consultant shall obtain executed indemnity agreements with provisions identical to those in this Section 10 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement.

11. Insurance. Without limiting Consultant's hold harmless, and indemnification obligations under this Agreement, Consultant shall maintain policies of insurance as specified in the Insurance Requirements set forth in Exhibit B.

12. Mutual Cooperation.

A. City's Cooperation. City shall provide Consultant with all pertinent Data, documents and other requested information as is reasonably available for Consultant's proper performance of the Services required under this Agreement.

B. Consultant's Cooperation. In the event any claim or action is brought against City relating to Consultant's performance of Services rendered under this Agreement, Consultant shall render any reasonable assistance that City requires.

13. Records and Inspections. Consultant shall maintain complete and accurate records with respect to time, costs, expenses, receipts, correspondence, and other such information required by City that relate to the performance of the Services. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of Services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to City, its designees and representatives at reasonable times, and shall allow City to examine and audit the books and records, to make transcripts therefrom as necessary, and to inspect all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three years after receipt of final payment.

14. Suspension or Termination of Agreement.

A. The City may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, after giving written notice to Consultant at least ten (10) days before the suspension or termination is to be effective. Upon receipt of said notice, the Consultant shall immediately cease all work under this Agreement, unless the notice provides otherwise. If the City suspends or terminates a portion of this Agreement such suspension or termination shall not make void or invalidate the remainder of this Agreement.

B. In the event of City's termination of this Agreement due to due to no fault or failure of performance by Consultant, City shall pay Consultant based on the actual value of work satisfactorily performed up to the effective date of termination. Upon termination, Consultant shall submit an invoice to the City pursuant to the provisions of Section X of this Agreement. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the Services required by this Agreement. Consultant shall have no other claim against City by reason of such termination, including any claim for compensation.

15. Force Majeure. Consultant shall not be liable for any failure to perform its obligations under this Agreement if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

16. Default.

A. Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default and can terminate this Agreement immediately by written notice to the Consultant.

B. If the City Manager or his designee determines that Consultant is in default in the performance of any of the terms or conditions of this Agreement, City shall serve Consultant with written notice of the default. Consultant shall have ten calendar days after service upon it of the notice in which to cure the default by rendering a satisfactory performance. In the event that Consultant fails to cure its default within such period of time, City may, notwithstanding any other provision of this Agreement, terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

17. Notice. Any notices, bills, invoices, etc. required by this Agreement shall be deemed received on (a) the day of delivery if delivered by hand during the receiving party's regular business hours or by facsimile before or during the receiving party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid to the addresses set forth below, or to such other addresses as the parties may, from time to time, designate in writing pursuant to this section.

If to City:

City Manager
City of Hidden Hills
6165 Spring Valley Road
Hidden Hills, California 91302

If to Consultant:

18. Prohibition of Assignment and Delegation. Consultant shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without City's prior written consent. City's consent to an assignment of rights under this Agreement shall not release Consultant from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section 18 shall be void and of no effect and shall entitle City to terminate this Agreement. As used in this Section, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

19. Attorney's Fees. In the event that either party commences any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

20. Entire Agreement. This Agreement represents the entire integrated agreement between City and Consultant, and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both City and Consultant.

21. No Third Party Beneficiaries Intended. This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement. The City shall not be obligated or liable under this Agreement to any party other than Consultant.

22. Waiver. No delay or omission to exercise any right, power or remedy accruing to City under this Agreement shall impair any right, power or remedy of City, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the Party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

23. Final Payment Acceptance Constitutes Release. The acceptance by Consultant of the final payment made under this Agreement shall operate as and be a release of City from all claims and liabilities for compensation to Consultant for anything done, furnished or relating to Consultant's work or services. Acceptance of payment shall be any negotiation of City's check or the failure to make a written extra compensation claim within ten calendar days of the receipt of that check. However, approval or payment by City shall not constitute, nor be deemed, a release of the responsibility and liability of Consultant, its employees, subcontractors and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by City for any defect or error in the work prepared by Consultant, its employees, subcontractors and agents.

24. Corrections. In addition to the above indemnification obligations, Consultant shall correct, at its expense, all errors in the work which may be disclosed during City's review of Consultant's reports or plans, or other submittals. Should Consultant fail to make such correction in a reasonably timely manner, such correction may be made by City, and the cost thereof shall be charged to Consultant. In addition to all other available remedies, City may deduct the cost of such correction from any retention amount held by City or may withhold payment otherwise owed Consultant under this Agreement up to the amount of the cost of correction.

25. Non-Appropriation of Funds. Payments to be made to Consultant by City for services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted fund. In the event that City does not appropriate sufficient funds for payment of Consultant's services beyond the current fiscal year, the Agreement shall cover payment for Consultant's services only to the conclusion of the last fiscal year in which City appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

26. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the Parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a superior or federal court with geographic jurisdiction over the City of Hidden Hills.

27. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a Party of the benefits of any grace or use period allowed in this Agreement.

28. Exhibits; Precedence. Exhibits A and B constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Consultant's proposal, the provisions of this Agreement shall control.

29. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Consultant will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

30. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

31. Counterparts. This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument.

32. Corporate Authority. Each person executing this Agreement on behalf of his or her Party warrants that he or she is duly authorized to execute this Agreement on behalf of that Party and that by such execution, that Party is formally bound to the provisions of this Agreement.

The Parties, through their duly authorized representatives are signing this Agreement on the date stated in the introductory clause.

CITY OF HIDDEN HILLS

Bret Katz, Mayor

ATTEST:

Deana Graybill, CMC
City Clerk

CONSULTANT:

Name:

Title:

Name:

Title:

EXHIBIT A

SCOPE OF SERVICES, TIME OF PERFORMANCE, AND COMPENSATION

EXHIBIT B

INSURANCE REQUIREMENTS

A. Consultant shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1. Commercial General Liability Insurance, with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted. If Consultant is a limited liability company, the commercial general liability coverage shall be amended so that Consultant and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insured.

2. Automobile Liability Insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with the Services to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000 combined single limit for each accident.

3. Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance (with limits of at least \$1,000,000).

4. If this box is checked, Professional Liability Insurance (errors and omissions) that covers the Services to be performed under this Agreement, in the minimum amount of \$2,000,000 per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this Agreement. Further, Consultant agrees to maintain continuous coverage through a period no less than three (3) years after completion of the Services required by this Agreement.

B. Acceptability of Insurers. All insurance policies required by this Agreement shall be issued by an insurer authorized by the State of California to transact business of insurance with a rating of at least a B+;VII in the latest edition of Best's Insurance Guide or by an insurer acceptable to the City Manager.

C. Evidence of Insurance. Consultant shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsements must be approved by the City Manager prior to commencement of performance. Current certificates of insurance shall be kept on file with the City Clerk at all times during the term of this Agreement. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

D. Additional Insured Status. The commercial general and automobile liability policies shall provide or be endorsed to provide that the City and its officers, officials, employees, and agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess/umbrella liability policies.

E. Primary and Non-Contributing. The insurance policies provided by Consultant shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

F. Consultant's Waiver of Subrogation. The insurance policies provided by Consultant shall not prohibit Consultant and Consultant's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against City.

G. Self-insured Retentions. Any self-insured retentions must be declared to and approved by the City Manager. The City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by the City Manager.

H. Cancellations or Modifications to Coverage. Consultant shall not cancel, reduce or otherwise modify the insurance policies required by this Section during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail 30 days' prior written notice to City. If any insurance policy required under this Section is canceled or reduced in coverage or limits, Consultant shall, within two business days of notice from the insurer, phone, fax or notify City via certified mail, return receipt requested, of the cancellation of or changes to the policy.

I. City Remedy for Noncompliance. If Consultant does not maintain the policies of insurance required under this Section in full force and effect during the term of this Agreement, or in the event any of Consultant's policies do not comply with the requirements under this Section, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may, but has no duty to, take out the necessary insurance and pay, at Consultant's expense, the premium thereon. Consultant shall promptly reimburse City for any premium paid by City or City may withhold amounts sufficient to pay the premiums from payments due to Consultant.

J. Prohibition of Undisclosed Coverage Limitations. None of the coverages required herein will be in compliance with these provisions if they include any limiting endorsement of any kind that has not been first submitted and approved by the City in writing.

K. Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

L. Timely Notice of Claims. Consultant shall give the City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

M. Additional Insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the work.

N. Indemnity Requirements not Limiting. Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duty to indemnify City under Section 10 of this Agreement.

O. City Manager Authority. The City Manager may, in writing, amend and/or waive the insurance provisions set forth in paragraph A herein. In such case, the Consultant shall comply with the insurance provisions required by the City Manager.

P. Subcontractor Insurance Requirements. Consultant shall require each of its subcontractors that perform Services under this Agreement to maintain insurance coverage which meets all of the requirements of these provisions.

Attachment II

Scope of Services

The City's goal is to provide the public and its constituents with a financial statement that gives complete, accurate and understandable information about the City's financial condition. The selected independent auditor will be required to perform the following tasks:

1. Annual Financial Report - Audit the Basic Financial Statements of the City to obtain reasonable assurance about whether the financial statements are free from material misstatement. Express an opinion on the fair presentation of the City's governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in conformity with generally accepted accounting principles. The Auditor shall also be responsible for performing certain limited procedures involving management's discussion and analysis (MD&A) and the required supplementary information (RSI) required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.
2. Single Audit Act Report (if required) – The audit firm will perform a single audit on the expenditures of federal grants in accordance with the provisions of the Single Audit Act Amendments of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and render the appropriate audit reports on Internal Control over Finance Reporting based upon the audit of the City's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, and internal Control over Compliance. The single audit report prepared and published by the audit firm will include appropriate schedule of expenditures 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. Additionally, the audit firm will submit the required information to the Federal Audit Clearinghouse.
3. Gann Limit - The audit firm shall perform agreed-upon procedures pertaining to the City's Article XIII B Limit (Appropriations Limit) and render a letter annually to the City regarding compliance.
4. GASB 68 – The firm selected is expected to provide templates and/or journal entries required to comply with Governmental Accounting Standards Board Statement No. 68.
5. Management Letter – The firm will issue a separate “management letter” that includes recommendations for improvement in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. The management letter shall be addressed to the City Manager. Prior to its release, City staff shall be given an opportunity to review and comment.
6. Updates – The firm selected is expected to keep the City abreast of new developments affecting municipal finance and reporting, Government Accounting Standards Board pronouncements, procedural changes for grants, etc. The firm is also expected to provide

advice to City staff related to the proper accounting treatment for transactions as needed and without additional costs.

7. Other – The firm selected will prepare the Annual Financial Report (AFR) and the statistical sections as well as the Single Audit Report (if needed). Will also be asked to prepare the Cities State Controller’s Office Financial Transaction Report (FTR). The firm selected may also be asked to examine other reports or perform other services as required. The scope and compensation for any such request would be negotiated between the City and the Auditor.

Auditing Standards to be Followed

To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants
- The standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States
- The provisions of the Federal Single Audit Act
- The provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

Reports to be Issued

Following completion of the audit and preparation of the fiscal year’s financial statements and special purpose audits, the Auditor shall issue:

1. Reports on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America as listed below:
 - a. Basic Financial Statements for the City;
 - b. Single Audit Report
2. A report based on the internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. A report on the compliance with requirements that could have a direct and material effect on each major program and internal control over compliance in accordance with OMB Circular A-133 and on the schedule of expenditures of federal awards. Also included would be a schedule of findings and questioned costs associated with federal awards.

4. A Management Letter setting forth recommendations (as applicable) for improvements in the City's internal control, accounting procedures, and any other significant observations.
5. Reports to and communication with those charged with governance, as required by auditing standards.
6. A report on the City's compliance with Proposition 111, Article XIII.B of the California State Constitution and Government Code Section 7900 (et seq.) and its calculation of the "Gann Limit".
7. Auditors shall be required to make immediate, written notification to the City Council, City Manager, and City Attorney of all irregularities and illegal acts or indications of illegal acts of which they become aware.
8. Any other reports that may become required as a result of a change in accounting standards or new pronouncements that become effective during the term of the engagement.

Other Communications

The Auditor shall make all communications to the City required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

- The Auditor's responsibility under generally accepted auditing standards.
- Significant accounting policies.
- Management judgment and accounting estimates.
- Significant audit adjustments.
- Other information in documents containing audited financial statements.
- Disagreements with management.
- Management consultation with other accountants.
- Major issues discussed with management prior to retention.
- Difficulties encountered in performing the audit.
- Errors, irregularities, and illegal acts.

The Auditor must be available to present the audit plan prior to beginning field work. In addition, the Auditor must be available to present all final reports to City management and the City Council as requested at no additional costs.

Working Paper Retention and Access to Working Papers

All work papers and reports must be retained, at the Auditor's expense, for a minimum of five years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the City of the need to extend the retention period. The work papers are subject to review by federal and state agencies and other individuals designated by the City. Accordingly, the work papers shall be made available upon request.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

Journal Entries

All adjusting journal entries made by the Auditors must be discussed and explained to the designated Finance Department personnel prior to recording. They should be in a format that shows the lowest level of posting detail needed for data entry in the general ledger systems.

Assistance to be Provided by The City

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

1. City Staff will prepare the final closing of the accounting ledgers. The City will provide the auditor with a Trial Balance by Fund and all of the accounting transaction detail necessary to perform the audit.
2. City Staff will generate the necessary confirmation letters prepared by the auditor.
3. City will provide the auditor with reasonable workspace, access to a telephone line, photocopier, and internet access for field work at the City Hall.

Attachment III

Cost Summary

NOT TO EXCEED PRICE FOR PROPOSED SERVICES SCHEDULE

In accordance with the Request for Proposal for Audit Services issued by City of Hidden Hills, the firm referenced below hereby submits the following cost proposal:

	Year Ended June 30th				
	2020	2021	2022	2023	2024
Basic Reports to Be Issued					
City Audit, including AFR and Related Reports					
Gann Limit Review Report					
Total					
Additional Audit Reports To Be Requested At City Option					
Single Audit and Related Reports					
Annual Report of City Financial Transactions to State Controller					
Total					

Please include an hourly fee quotation and hours proposed for all positions to be assigned to the audit:

	Hours Billing Rate	Estimated Number of Hours	Estimated Charges
Partners			
Managers			
Senior Accountant			
Staff Accountant			
Clerical/Support Staff			
Other			

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected, authorized to sign a contract with the City, for the services identified in the Request for Proposals.

Firm Name: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____