

**REQUEST FOR QUALIFICATIONS
FOR
PROFESSIONAL AUDITING SERVICES**



**Submission Deadline:
Thursday,
April 25, 2024
at 10:00 AM**

City of Pleasanton
108 Second Street
PO Box 209
Pleasanton, TX 78064
(830) 569-3867

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City Secretary

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**CITY OF PLEASANTON
PROFESSIONAL AUDITING SERVICES
REQUEST FOR QUALIFICATIONS**

I. INTRODUCTION

The City of Pleasanton, Texas (the City) is soliciting requests for qualifications (RFQ) from qualified and experienced firms of certified public accountants to audit its financial statements. The term of the audit contract will be for one year with two (2) one-year options for renewal. These audits are to be performed in accordance with auditing standards generally accepted in the United States and Government Auditing Standards, issued by the the Comptroller of the United States.

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

Any inquiries concerning the request for qualifications should be addressed to Cassie Garcia, Asst. Finance Director, P.O. Box 209, Pleasanton, Texas 78064.

It is anticipated that the selection of a firm will be completed on May 9, 2024, 2024.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in the request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The city reserves the right to reject any and all proposals for no reason and solely for its convenience.

II. DESCRIPTION OF THE CITY

The City of Pleasanton is a community of approximately 10,668 residents, located approximately 33 miles south of San Antonio, Texas. The City operates under a Home Rule:City Council/City Manager form of government composed of the Mayor and six council members.

The City provides the following services to its citizens: public safety, police and fire, public works which consist of animal control, parks, pool, street, community development, water and sewer services, city airport, municipal court, library, museum, and general administrative services. Numerous electric energy providers service the City and Centerpoint Energy is the gas provider to our citizens.

The City has one hundred-twelve (112) full-time and thirty-three (33) part-time equivalent employees. The FY 2022-2023 General Fund expenditures are currently budgeted \$13,700,200 and Water Utility Fund expenditures are budgeted to be \$6,127,836. Total of all expenditure funds are budgeted to be \$34,496,085.

The City's fiscal year begins on October 1st and ends on September 30th.

A. Fund Structure: The City uses the following fund types:

- 1) Governmental Funds
 - a) General Fund
 - b) Debt Service Fund
 - c) Capital Project Funds
 - d) Special Revenue Funds
- 2) Proprietary Funds
- 3) Fiduciary Funds

Further detailed information about the City and its finances can be found in prior budgets and audit reports. These documents are available at www.pleasantontx.gov published under the finance department.

B. Federal and State Financial Assistance: During the previous fiscal years, the City did receive financial assistance from federal and/or state agencies, however, the City did not meet the federal spending threshold required for a single audit report fiscal year ending 2022 and 2023.

C. Pension Plan: The City participates in the Texas Municipal Retirement System.

D. Finance Operations: City's finances are supervised by the Finance Director.

E. Computer Systems: The City's financial and accounting records are maintained on Tyler Technology's Incode Version 9 software.

F. Availability of Prior Working Papers: The City will use its best efforts to make prior working papers available to proposers to aid their response to this proposal. Interested proposers should contact Cassie Garcia, Asst. Finance Director. Email: Cgarcia@pleasantontx.gov.

III. SCOPE OF SERVICES REQUIRED

The City desires the auditor to express an opinion on the fair presentation of the City's general purpose financial statements in conformity with generally accepted accounting principles (GAAP). The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

On occasion, the City may request the auditor to perform other audits and reviews not specifically provided for under this section. If such a request is made, the auditor shall submit a separate proposal for completing the engagement, along with a proposed fee schedule.

- A. **Auditing Standards to be Followed:** To meet the requirements of the request for proposals, the audit shall be conducted in accordance with auditing standards generally accepted in the United States and Government Auditing Standards, issued by the Comptroller of the United States, as well as the following additional requirements: City Ordinance or, where applicable, State and Federal Laws or regulations, including the *Texas Code a/Criminal Procedures*.
- B. **Expected Timeline:** The City will be ready to begin final fieldwork as of November 30th each year. The City's preference is that the Audit be completed by December 31st each year so the final audit report can be presented to the City Council at the regular council meeting in January.
- C. **Reports to be Issued:** Following the completion of the audit of the fiscal year's financial statements the auditor shall issue:
 1. **Auditor's Opinion:** The selected firm shall prepare the appropriate written opinions required by law and customary practice for inclusion in the audit reports.
 2. **Management Conference and Letter:** The selected firm is to meet with the City Manager and Finance Director to discuss the areas in which the city can improve financial operations and reporting. The final recommendations shall be written in letterform and addressed to the Mayor and City Council. Three (3) bound copies of the findings and recommendations observed during the engagement shall be provided with each fiscal year's reports along with an electronic PDF copy emailed to the City Manager, jhuizar@pleasantontx.gov and the Finance Director, mnavarro@pleasantontx.gov.
 3. **Presentation of Audit Report:** The selected firm is expected to present the final audit report and the results of the audit, to the City Council during a council meeting each year (anticipated to be January).
 4. **Single Audit Report:** The selected firm shall also complete a single audit report if the City meets the requirements of such. The City does anticipate meeting the requirements for a

single audit at this time.

- D. **Work Paper Retention and Access to Working Papers:** All working papers and reports must be retained, at the auditor's expenses, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

- E. **Electronic Supporting Documents and Communication:** All documentation that is being requested from the firm to perform the city audit, will be sent electronically through email from the city. The Finance Director will coordinate and communicate with the auditing firm selected.

IV. BIDDING INSTRUCTIONS

All proposals must be received no later than **10am, on April 25, 2024**. Five (5) bound hard copies of all proposals must be provided with an additional electronic (PDF) copy of the proposal included on a USB compatible flash drive. The copies shall be sealed and clearly identified with 'Professional Auditing Services' by the submittal deadline. Each proposal shall be signed by the principals of the firm.

Proposal should include a cover letter and introduction including the name, phone number and email address of the person(s) authorized to represent the company regarding all matters related to the proposal.

All proposals become the property of the City of Pleasanton upon receipt and will not be returned to the submitter. Any cost or expense incurred by the submitting firm that is associated with the preparation or selection process of the proposal shall be borne solely by said firm.

All proposals shall be submitted to, and all other correspondence shall be directed to the following point of contact:

City of Pleasanton
Attention: Asst. Finance Director
108 Second Street/PO Box 209
Pleasanton, Texas 78064
Phone: (830) 569-3867
Email : cgarcia@pleasantontx.gov

Respondents or their agents are prohibited from lobbying members of the Pleasanton City Council members or its staff or consultants on this project. Failure to comply with this clause shall be grounds for rejection of their proposal as non-responsive.

- A. **Inquiries and Interpretations:** Responses to inquiries which directly affect an interpretation or change to this proposal will be issued in writing by the City staff as an addendum and emailed to all parties recorded by the City as having received a copy of the proposal. All such addenda issued by

the City prior to the time that proposals are received shall be considered part of the proposal, and the Respondent shall be required to consider and acknowledge receipt of each addendum in its proposal.

Only those inquiries the City replies to by addenda shall be binding. Oral and other interpretations or clarifications will be without legal effect.

V. CRITERIA EVALUATION AND SELECTION

The City Manager with the assistance of City staff will evaluate qualifications based on requirements described in this section. The highest qualified respondents may be selected to attend a formal interview. The interview will allow the invited respondents to further discuss their qualifications with City Staff and to respond to questions from the staff. The City Manager will have a recommendation to the City Council in a public meeting. If accepted by the City Council, the City Manager will begin to negotiate a contract. The City of Pleasanton reserves the right to reject any or all proposals.

- **Independence (requirement)**
- **License to Practice in Texas (requirement)**
- **Firm Qualifications and Experience (15%)**
- **Partner, Supervisory and Staff Qualifications and Experience (35%)**
- **Firm Approach/ Plan (35%)**
- **Audit Schedule (15%)**

VI. PROPOSAL TECHNICAL REQUIREMENTS

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this request for qualifications. The proposal should demonstrate the qualifications of the firms and of the staff to be assigned to this engagement. It should also specify the audit approach that will meet the request for qualification requirements.

The proposal should address all the points outlined in the request for qualifications. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for qualifications. While additional data may be presented, the following subjects, items A-F, must be included. They represent the criteria against which the proposal will be evaluated.

A. Independence: The firm 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 (1994).

B. License to Practice in Texas: An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Texas.

C. Firm Qualifications and Experience:

- I. A description of the candidate firm, including brief history, number of employees and their disciplines, firm philosophy regarding client and customer service, firm location, and years in business.
2. Describe the results of your firm's and local office's most recent peer Financial Review and its status

under the AICPA peer Financial Review program.

3. Listing of current and relevant projects in relation to similarities of Pleasanton.
4. List of current clients for professional auditing services.
5. Firms shall also describe any contracts for services awarded to your firm that have been canceled or terminated for unsatisfactory performance in any respect and a phone number and contact person for that organization. Please also provide a description of any legal proceedings involving your firm related to any municipal client that were unresolved or active January 1, 2014, to present.
6. Five references (past or current clients). Firms shall provide contact information for at least five municipal client references specifying entity name, address, services provided, contact person, and telephone number.

D. Partner, Supervisory and Staff Qualifications and Experience:

1. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors, and specialists, who would be assigned to the engagement. Indicate whether each person is registered or licensed to practice as a CPA in Texas. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit.
2. Provide as much information as possible regarding the number, qualifications, experience, and training, including relevant continuing professional education, and specific experience related to GFOA Certificate of Achievement for Excellence in Financial Reporting, of the specific staff to be assigned to this engagement.
3. An organizational chart identifying team members and their areas of responsibility with the names and resumes of the professional staff who will be assigned to this community.

E. Firm Approach/Plan: The proposal should outline the audit plans for the audit work to be performed. Proposal should describe what the firm's philosophy will be with respect to the audit of the City. Responders shall provide the following information on their audit approach based upon the firm's typical audit approach for similar engagements:

1. Proposed segmentation of the engagement.
2. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
3. The extent to which statistical sampling will be used.
4. Extent of use of computer audit tools and indication of how much work can be performed remotely, use of video conferencing, etc.
5. Type and extent of analytical procedures to be used.
6. Approach to be taken in determining laws and regulations that will be subject to audit work.
7. Approach and frequency to be taken regarding regular communications with the Finance Director.
8. Describe the firm's approach to communication throughout the audit process.
9. Describe how the firm manages its tasks day to day to avoid "last minute" rushes to meet the agreed upon deadlines.

F. Audit Schedule:

1. The proposal should address how the firm will meet the City's required timeline described in Section III, Scope of Services including:
 - i. Interim. Expected start and completion dates.

- ii. Information to be provided by the City. The auditor shall provide the City a list of all schedules and other assistance to be prepared by City staff. Such “PBC” listing shall be provided to the City with sufficient lead time to allow for preparation of all requested documents.
 - iii. Completion of Field Work. The City expects to be “audit ready” by November 30th each year. Provide anticipated timing audit firm anticipates beginning final fieldwork and the completion of the final audit report for presentation to the City Council. The City prefers to present the report to the City Council at the January Council meeting. The City's preference is that the auditor provides audit adjusting entries as they are prepared.
 - iv. Include anticipated timing for providing a PBC list so the City has the most time to reasonably prepare for Interim and Final fieldwork.
2. Information regarding the candidate firm's current and projected workload. City places significant importance on complying with the agreed upon timeline.

VII. SEALED COST ESTIMATE

The firm shall submit two (2) copies of a dollar cost fee estimate in a separate sealed envelope marked as follows:

SEALED COST ESTIMATE FOR THE CITY OF PLEASANTON PROFESSIONAL AUDITING
SERVICES PROPOSAL April 25, 2024.

- A. **Total All-Inclusive Maximum Price:** The sealed dollar cost fee estimate should contain all pricing information relative to performing the audit engagement as described in this request for qualifications, with a separate price for Single Audit if required. The total all-inclusive maximum price proposed shall contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost fee estimate. Such costs should not be included in the proposal.

The first page of the sealed dollar cost fee estimate should include the following information:

- I. Name of Firm;
 2. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the fee estimate, and authorized to sign a contract with the City;
 3. A total all-inclusive maximum price for each of the following fiscal years: 2023 engagement with an additional price estimate for fiscal years 2024, 2025 and 2026.
- B. **Rates for Additional Professional Services:** If it should become necessary for the City to request the auditor to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates agreed to and contracted for.
- C. **Manner of Payment:** Progress payments will be made based on hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost fee estimate (not to exceed maximum total price without prior

authorization). Interim billing shall cover a period of not less than a calendar month.

VIII. AWARD SCHEDULE

Award schedule milestones are:

Date	Activity
April 10, 2024	Issue Request for Proposals
April 25, 2024	Proposal Submittal Deadline
April 29-May 2, 2024	Potential interviews with selected firms
May 9, 2024	City Manager presents recommendations to City Council who selects firm and authorizes City Manager to negotiate contract

IX. RESERVATION OF RIGHTS AND CONTRACT REQUIREMENTS

The City reserves the right to select one or no firm in response to this proposal. The firm, if selected, will be the firm whose proposal is deemed most advantageous to the City, as determined by City Council. This proposal does not commit the City to enter into a Contract, award any services related to this proposal.

The City will require the selected firm to execute a contract to be negotiated with the City, no more than fourteen (14) calendar days after the City gives notice of award. Contract documents are not binding on the City until reviewed by legal counsel. In the event the parties cannot negotiate and execute a contract within the time specified, the City reserves the right to terminate negotiations with the selected firm and commence negotiations with another firm.

The City reserves the right to contract any additional audits or reviews with whomever they choose.

A. Firm will be required to execute a Conflict-of-Interest Disclosure:

CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE Effective January 1, 2006, Chapter 176 of the Texas Local Government Code requires that any vendor or person considering doing business with a local government entity disclose in the Questionnaire Form CIQ, the vendor or person's affiliation or business relationship that might cause a conflict of interest with a local government entity. By law, this questionnaire must be filed with the records administrator of the City of Pleasanton not later than the seventh business day after the date the person becomes aware of facts that require the statement be filed. See Section 176.006, Local Government Code. A person commits an offense if the person violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor. For more information or to obtain Questionnaire CIQ visit the Texas Ethics Commission web page at www.ethics.state.tx.us/forms/CIO.pdf.

IF QUESTIONS ABOUT COMPLIANCE, PLEASE CONSULT YOUR OWN LEGAL COUNSEL. COMPLIANCE IS THE INDIVIDUAL RESPONSIBILITY OF EACH PERSON OR AGENT OF A PERSON WHO IS SUBJECT TO THE FILING REQUIREMENT. AN OFFENSE UNDER CHAPTER 176 IS A CLASS "C" MISDEMEANOR.

B. Independent Contractor: Firm agrees and understands that, if selected, it and all persons designated by it to provide services in connection with a contract, is and shall be deemed to be an independent contractor(s), responsible for its respective acts or omissions, and that the City shall in no way be responsible for firm's actions, and that none of the parties hereto will have authority to bind the others or to hold out to third parties, that it has such authority.