

City of Lakewood, California

February 25, 2025

A REQUEST FOR PROPOSAL TO PROVIDE
PROFESSIONAL AUDITING SERVICES TO THE CITY OF LAKEWOOD



Important RFP Dates

RFP issued on: February 25, 2025

Deadline to submit general questions and information requests: March 7, 2025

Responses to questions posted by: March 11, 2025

Due date to submit proposals: March 17, 2025

Proponent interviews to begin (anticipated): March 24-27, 2025

Contract awarded (anticipated): April 8, 2025

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

I. INTRODUCTION

A. General Information

The City of Lakewood California is requesting proposals from qualified certified public accountant firms to audit its financial statements for the three (3) fiscal years beginning with the fiscal year ending June 30, 2025, with the option of auditing its financial statements for each of the two (2) subsequent fiscal years, in addition to performing other financial audits and reviews as specified below. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in *Government Auditing Standards (2011)* issued by the Comptroller General of the United States, and the U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of State and Local Governments and Non-Profit Organizations*.

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. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt.

Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made via email to: Edianne (Anne) Rodriguez, Assistant Director of Finance & Administrative Services at ERodriguez@lakewoodcity.org. Bidders must inquire at the above email address to receive any addendum or clarifications. Potential bidders are responsible for ensuring that they have received all addenda. **The deadline for submitting questions is 5:00 p.m. on March 7, 2025.**

For a firm to be considered, the City must receive three (3) bound copies and one (1) electronic copy of the proposal by **5:00 p.m. on March 17, 2025** at the following address:

City Clerk Office
Lakewood City Hall
P.O. Box 220
Lakewood, CA 90714

All proposals must be in a sealed envelope and clearly marked “Sealed Proposal-Professional Auditing Services.”

Proposals will be reviewed at multiple levels by elected officials and staff members, including: the City Council Audit Committee, City Manager, Director of Finance & Administrative Services, Asst. Director of Finance & Administrative Services, and Accounting & Grants Manager.

During this process, the City reserve the right to request additional information or clarifications from firms, or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposals may be requested to make an oral presentation as part of the evaluation process.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

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 this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

It is anticipated the selection of a firm by the City Council will be made on Tuesday, April 8, 2025

B. Terms of Engagement

It is the intent of the City to contract for the services presented herein for a term of three (3) years. The City reserves the right to extend the term of this contract for two (2) additional one-year terms subject to the satisfactory negotiation of terms, including a price acceptable to both the City and the selected firm.

The proposal package shall present all-inclusive audit fees for each year of the contract term.

II. NATURE OF SERVICE REQUIRED

A. Scope of Work to be Performed

The City desires an Annual Comprehensive Financial Report (ACFR) and its component unit financial statements for the City of Lakewood and Lakewood Successor Agency to be prepared by the independent auditor and be fully GASB compliant for the fiscal year ended June 30, 2025 and each of the subsequent years, June 30, 2026 and 2027 of the audit firm's contract with the City.

The selected independent auditor will be required to perform the following tasks:

1. The audit firm will perform an audit of all funds of the City. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The ACFR will be in full compliance with GASB and will include all disclosures for the CITY's role as the Successor to the Lakewood Redevelopment Agency. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements.

2. If needed, the audit firm will perform a single audit on the expenditures of federal grants in accordance with OMB Circular A-133 Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the City's financial statements in accordance with *Government Auditing Standards* and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133. The single

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.

3. The audit firm shall perform agreed-upon auditing procedures pertaining to the City's GANN Limit (Appropriations Limit) and render a letter annually to the City regarding compliance.
4. The audit firm will prepare the annual State Controller's Report.
5. The audit firm will conduct the Measure W Safe Clean Water Program Fund Audit.
6. The City will submit its ACFR to the Government Finance Officers Association of the United States and Canada for review in its financial reporting award program. The audit firm will be expected to review the ACFR in relation to the award checklist to ensure compliance with the award program, and to meet the GFOA submittal deadline.

B. Auditing Standards to be Followed

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

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accounts;
2. The most recent standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States;
3. The provisions of the Single Audit Act as amended in 1996; and
4. The provisions of U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*.

C. Reports to be Issued

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

1. The financial statements of the City for inclusion in the ACFR in conformity with generally accepted accounting principles;
2. A report on the City's compliance with the Gann appropriation limit (Proposition 111);
3. A Single Audit report (if applicable); and
4. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

D. Internal Controls and Compliance Reports

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

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

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

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

E. Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: City Manager, City Attorney and Director of Finance & Administrative Services.

F. Working Paper Retention

All working papers and reports must be retained at the auditor's expense for a minimum of seven (7) years, unless the 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 to the City or any government agencies included in the audit of federal grants. 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.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

G. Indemnification

The selected firm will be required to provide proof of various insurance policies as set forth more fully in the City's recommended agreement included as Attachment C.

III. DESCRIPTION OF GOVERNMENT

A. Background Information

The City of Lakewood, with a population of 77,359, is located in southern Los Angeles County, 23 miles southeast of the City of Los Angeles. The city is a residential community that includes a regional shopping center with 2.1 million square feet of retail area. Single-family detached homes comprise 82 percent of the housing units. By the end of the 1990's, Lakewood was 99.5 percent "built out," leaving very little of the 9.5 square miles of the city available for new development.

The City is a "general law city" incorporated under California law April 16, 1954. The five council members who govern the City are elected for overlapping four-year terms by district. All elections are conducted on a non-partisan basis. The Mayor is selected by the City Council from among its members and serves in that special capacity for a one-year term. The City Council appoints a City Manager and a City Attorney. In addition, the Council appoints the members of the Community Safety Commission, the Planning and Environment Commission and the Recreation and Community Services Commission.

The City Council also sits as the governing body of the Successor Agency of the former Lakewood Redevelopment Agency and the Lakewood Housing Successor Agency.

The City's approach to local government has earned the City a special place in the history of American municipalities. The Lakewood Plan made Lakewood the nation's first contract city. By contracting with the County of Los Angeles and with private businesses for public services, Lakewood pioneered a model for local government that has been adopted by all but one of the cities incorporated in Los Angeles County since 1954 and more than a quarter of all cities in California. Contract services represent about 43 percent of the City's operating budget. Lakewood contracts with private firms for trash collection, traffic signal maintenance, street lighting maintenance and street sweeping. By contract, Los Angeles County provides law enforcement, road repair, building inspection and civil engineering services. Parks, recreation and cultural activities, community development programs, parkways, medians, water utility and general administrative services are provided directly by the City through the labor of 185 full-time employees and approximately 410 part-time employees.

The City's fiscal year begins on July 1 and ends on June 30. The City's adopted budget in FY 2024-25 is approximately \$98 million for all funds.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

B. Fund Structure

The CITY uses the following fund types and account group in its financial reporting:

Fund Type/Account Group	Number of Funds
General Fund	1
Special Revenue Funds	22
Capital Projects Funds	1
Fund Type/Account Group (continued)	Number of Funds
Enterprise Fund	1
Proprietary-Internal Service Funds	0
Fiduciary-Agency Funds	3

C. Component Units

The City is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's *Codification Governmental Accounting and Financial Reporting Standards*, Section 2100. Using these criteria, component units are included in the City's financial statements.

The management of the City identified the following component units (with fiscal year ending June 30) for inclusion in the City's financial statements:

D. Finance Operations

The Finance & Administrative Services Department is headed by Jose Gomez as its director, and consists of 30 employees. The department operates as five divisions which include Finance, Purchasing, Information Technology, Parking Control and Risk Management. Functions of the Finance division include accounts receivable/payable, business licensing, utility billing, payroll, general ledger, budgeting, debt administration, financial reporting, treasury management, auditing and collections.

E. Computer Systems

The City has utilized the Tyler-MUNIS financial software system for approximately 18 years. It was upgraded to version 2021 in December 2022.

F. Availability of Prior Reports and Work Papers

The Pun Group, LLP has conducted the City's audit for the last 11 years. Prior to that, White Nelson Diehl Evans LLP conducted the City's previous thirty-five annual audits. The work papers of the previous audits are the property of the previous auditor. Firms who wish to review the prior years' audit reports and management letters should access the City's website to review past ACFRs.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

IV. TIME REQUIREMENTS

A. Proposed Calendar

The following is a list of key dates up to, and including, the date proposals are to be submitted:

<u>Date</u>	<u>Activity</u>
February 25, 2025	Request for Proposals issued
March 7, 2025	Deadline to submit questions (by 5:00 pm)
March 17, 2025	Due date for proposals (by 5:00 pm)
March 24 - 27, 2025	Oral interviews (by invitation at City's discretion)
April 8, 2025	Contract awarded by City Council

B. Anticipated Audit Schedule

Audit planning, including all necessary planning for the implementation of new GASB pronouncements, documentation of systems of internal control and compliance and transaction testing should be completed during interim stage. It is expected that interim audit would take place in late May. The City will close its books and be ready for the final audit by mid-September. It is expected that the selected firm will perform its fieldwork the third week in September, have a draft ACFR ready for staff review in early November, and have the final ACFR completed by December 1st of each fiscal year. Lastly, it is expected that the designated audit partner formally meet with the City's Audit Committee (comprised of two City Councilmembers and staff) during each of the two annual audit visits and present the ACFR to the City Council at their first meeting in December (typically the second Tuesday of the month).

C. Date Reports Are Due

During the course of the engagement, the auditor will meet with and provide periodic status reports to the Assistant Director of Finance & Administrative Services (or designee) on a regular basis. The auditor should also be available to meet with the Director of Finance & Administrative Services as needed, to provide consultation on various accounting and auditing matters during the audit. Upon completion of the audit, the auditor shall provide all drafts and recommendations for improvements to the Director of Finance & Administrative Services within a reasonable time period after the last day of field work. The auditor should be available for any meetings that may be necessary to discuss the draft audit reports. Once all issues of discussion are resolved, the completed ACFR, component unit financial statements, and other reports shall be delivered to the Director of Finance & Administrative Services. It is expected that this process will be completed and the final products delivered by no later than December 1 of each year. The Single Audit shall be delivered to the Director of Finance & Administrative Services no later than March 15 of each year.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance & Administrative Services Department Assistance

The Finance & Administrative Services Department staff will be available during the audit to assist the firm by providing information, documentation, and explanations on a timely basis. The City's Assistant Director of Administrative Services (or designee) will be responsible for acting as the liaison between the audit firm and the accounting personnel.

Finance & Administrative Services' Information Technology Division will be available to provide systems documentation and explanations, or facilitate auditor access to the City's accounting software.

B. Work Area, Telephone, and Office Equipment

The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone, a computer with access to the general ledger system, internet, and photocopying equipment.

C. Report Preparation

Report preparation, editing, printing, binding and pdf (for posting to the City's website and emailing to regulatory agencies) versions shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made via email to: Edianne (Anne) Rodriguez, Assistant Director of Finance & Administrative Services at ERodriguez@lakewoodcity.org.

Bidders must inquire at the above email address to receive any addendum or clarifications. Potential bidders are responsible for ensuring that they have received all addenda.

DEADLINE for submitting questions is 5:00 p.m. on March 7, 2025.

2. Submission of Proposal. Three (3) printed & bound copies and one (1) electronic copy (in PDF form) of the sealed proposal shall be received in the City Clerk's Office of the CITY **by 5:00 p.m. on March 17, 2025** for a proposal to be considered. The proposal should address the items listed in Section C below.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

The proposal should be addressed as follows:

City Clerk
Lakewood City Hall
P.O. Box 220
Lakewood, CA 90714

All proposals must be in a sealed envelope and clearly marked
“Sealed Proposal - Professional Auditing Services”

B. Proposal Format

1. Title Page showing the request for proposals subject; the firm’s name; the name, address and telephone number of the contact person; and the date of the proposal.
2. Table of contents identifying the materials submitted by section and page number.
3. Signed transmittal letter briefly stating the firm’s understanding of the work to be done; the commitment to perform the work within the time period; a statement as to why the firm believes itself to be best qualified to perform the engagement, and the name(s) of the person(s) authorized to represent the firm, title, address, and telephone number.
4. Detailed proposal following the order set forth in Section C below.

C. Proposal Contents

The proposal should demonstrate the qualifications, competence and capacity of the firm seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than the form or manner of presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The proposal should address all points outlined in the request for proposals. It should be prepared simply and economically, providing a straightforward, concise description of the firm’s capabilities to satisfy the requirements of this request for proposals. While additional data may be presented, the following subjects must be included. They represent the criteria against which the proposal will be evaluated.

1. License to practice in California

An affirmative statement should be included verifying the firm and all assigned key professional staff are properly licensed to practice in California.

2. Independence

The firm should provide an affirmative statement that it is independent of the City as defined by auditing standards generally accepted in the United States of America and the General Accounting Office’s *Government Auditing Standards*.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

3. Firm Qualifications and Experience

To qualify the firm must have extensive experience in audits of local governments as well as experience with the preparation of ACFRs in compliance with all GASB requirements. The firm should state the size of their organization, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. Staff consistency is an important consideration.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific governmental audit engagements.

The firm shall also provide information on the results of any Federal or State of California desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years by state regulatory bodies or professional organizations.

4. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to this engagement. Include resumes, indicating whether each such person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past (3) three years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the firm provided that replacements have substantially the same or better qualifications or experience.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

5. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last three (3) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Also, please indicate whether the audit was associated with the subsequent preparation of an ACFR. Information should be provided regarding clients that the firm serves that have received the CSMFO or GFOA awards.

Please provide a list of not less than five client references for whom services similar to those outlined in the RFP are currently being provided. For each reference listed provide the name of the organization, dates for which the service(s) are being provided, type of service(s) being provided and the name, address and telephone number of the responsible person within the reference's organization. The City reserves the right to contact any or all of the listed references regarding the audit services performed by the firm.

6. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as the City's budget and related materials, organizational charts, manuals, programs and financial and other management information systems.

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

- a. Proposed segmentation for the engagement;
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement;
- c. Sample size and the extent to which statistical sampling is to be used in this engagement;
- d. Extent of use of technology/software in this engagement;
- e. Type and extent of analytical procedures to be used in this engagement;
- f. Approach to be taken to gain and document an understanding of the City's internal control structure;
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work; and
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

7. Identification of Anticipated / Potential Audit Problems

The proposal should identify and describe any anticipated or potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

8. Total All-Inclusive Maximum Price

The proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to 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 bid. Such costs should not be included in the proposal.

The cost components should be submitted in the format provided in Attachment A.

9. Rates by Partner, Staff; Times the Hours Anticipated for Each

Attachment B should be completed indicating all professional fees and expenses in the format provided in the attachment, supporting the total all-inclusive maximum price.

10. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Final payment will be made after delivery of the firm's final reports.

VII. EVALUATION PROCEDURES

A. Evaluation Committee

Proposals will be reviewed by different levels of elected officials and staff members which is expected to include the following: Members of the City's Audit Committee (two Councilmembers), City Manager, Director of Finance & Administrative Services, Assistant Director of Finance & Administrative Services, and Accounting & Grants Manager.

B. Review of Proposals

The evaluation personnel will use a point formula during the review process to score proposals.

C. Evaluation Criteria

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria, which will be considered during the evaluation process.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in California.
- b. The firm has no conflict of interest with regard to any of the work performed by the firm for the City.
- c. The firm adheres to the instructions in this request for proposals on preparing and submitting the proposal.
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
- e. The firm's past experience and performance on comparable government engagements.

2. Technical Qualifications

- a. The firm's past experience and performance on comparable government engagements.
- b. The quality of the firm's professional personnel to be assigned to the engagement.
- c. Adequacy of proposed staffing plan for various segments of the engagement.
- d. Thoroughness of approach to conducting the audit of the City and demonstration of the understanding of the objectives and scope of the audit.
- e. Commitment to timeliness in the conduct of the audit.

3. Price

Though cost is an important factor, it is not the most important consideration.

D. Interviews

As part of the review process, the highest-scoring firms may be invited to participate in an interview. Firms will be requested to make a presentation of no longer than 30 minutes, and then have an opportunity to answer any questions about their proposal.

E. Final Selection

The City will select a firm based upon the recommendations of the Evaluation Committee. It is anticipated that the contract for the selected firm will be presented to the City Council for approval on Tuesday, April 8, 2025.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right without prejudice to reject any or all proposals.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

ATTACHMENT A

AUDIT WORK - COST PROPOSAL

Name of Firm: _____
 Address: _____
 City, State, Zip: _____
 Contact Name: _____
 Contact Telephone Number(s): _____
 Contact E-mail Address: _____

I, the undersigned, certify that I am duly authorized to represent the above named firm and am empowered to submit this bid. In addition, I certify that I am authorized to contract with the City of Lakewood on behalf of the above named firm.

 Signature

 Name (print)

 Title

 Date

Service	FY 2024-25	FY 2025-26	FY 2026-27
City Audit and Related Reports			
GANN Limit Review Report			
Single Audit and Related Reports			
Measure W Safe Clean Water Program Audit			
Lakewood Successor Housing Agency			
Lakewood Successor Agency			
Annual State Controller's Report			
Total Cost			

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

ATTACHMENT A (continued)

AUDIT WORK - COST PROPOSAL

Option Years:

Service	FY 2027-28	FY 2028-29
City Audit and Related Reports		
GANN Limit Review Report		
Single Audit and Related Reports		
Measure W Safe Clean Water Program Audit		
Lakewood Successor Housing Agency		
Lakewood Successor Agency		
Annual State Controller's Report		
Total Cost		

City of Lakewood CA
 REQUEST FOR PROPOSALS
 PROFESSIONAL AUDITING SERVICES

ATTACHMENT B
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE FINANCIAL STATEMENTS

FY 2024-25 Audit	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners				
Managers				
Supervisor staff				
Clerical				
Other				
Subtotal				
Out of pocket expenses				
Meals and lodging				
Transportation				
Other (specify)				
Total for services described in Section II of RPF				
Total all-inclusive maximum price for FY 2024-25 Audit				

FY 2025-26 Audit	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners				
Managers				
Supervisor staff				
Clerical				
Other				
Subtotal				
Out of pocket expenses				
Meals and lodging				
Transportation				
Other (specify)				
Total for services described in Section II of RPF				
Total all-inclusive maximum price for FY 2025-26 Audit				

FY 2026-27 Audit	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners				
Managers				
Supervisor staff				
Clerical				
Other				
Subtotal				
Out of pocket expenses				
Meals and lodging				
Transportation				
Other (specify)				
Total for services described in Section II of RPF				
Total all-inclusive maximum price for FY 2026-27 Audit				

City of Lakewood CA
 REQUEST FOR PROPOSALS
 PROFESSIONAL AUDITING SERVICES

ATTACHMENT B (continued)
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Option Years:

FY 2027-28 Audit	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners				
Managers				
Supervisor staff				
Clerical				
Other				
<i>Subtotal</i>				
Out of pocket expenses				
Meals and lodging				
Transportation				
Other (specify)				
Total for services described in Section II of RPF				
Total all-inclusive maximum price for FY 2027-28 Audit				

FY 2028-29 Audit	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners				
Managers				
Supervisor staff				
Clerical				
Other				
<i>Subtotal</i>				
Out of pocket expenses				
Meals and lodging				
Transportation				
Other (specify)				
Total for services described in Section II of RPF				
Total all-inclusive maximum price for FY 2028-29 Audit				

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

ATTACHMENT C

AGREEMENT FOR AUDIT SERVICES

This Agreement is made and entered into as of the ____ day of _____, by and between the **CITY OF LAKEWOOD**, a municipal corporation ("City") and _____ ("Auditor").

RECITALS

A. Auditor is specially trained, experienced and competent to perform the services as presented in the Request for Proposals and Firm's Response, which will be required by this Agreement; and

B. Auditor possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein.

C. City desires to retain Auditor to render professional auditing services as set forth in this Agreement.

AGREEMENT

1. Scope of Services. The Auditor shall furnish the following services in a professional manner. Auditor shall perform the services described on Exhibit A, which is attached hereto and incorporated herein by reference. Auditor shall provide said services at the time, place, and in the manner specified in **Exhibit A**.

2. Time of Performance. The services of Auditor are to commence upon execution of this Agreement and shall continue until all authorized work is approved by the City. All such work shall be completed as stated in the Request for Proposals for Audit Services, Section IV, B. *Anticipated Audit Schedule* and C. *Date Reports Are Due*.

3. Compensation. Compensation to be paid to Auditor shall be in accordance with the Schedule of Charges set forth in **Exhibit B**, which is attached hereto and incorporated herein by reference. In no event shall Auditor's compensation exceed the amount agreed to of \$_____ without additional authorization from the City. Payment by City under this Agreement shall not be deemed a waiver of defects, even if such defects were known to the City at the time of payment.

4. Method of Payment. Auditor shall submit billings to City describing the work performed. Auditor's bills shall include a brief description of the services performed, the date the

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

services were performed, the number of hours spent and by whom. Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Final payment will be made after delivery of the firm's final reports.

5. Extra Work. At any time during the term of this Agreement, City may request that Auditor perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Auditor shall not perform, nor be compensated for, Extra Work without written authorization from the City.

6. Termination. This Agreement may be terminated by the City immediately for cause or by either party without cause upon sixty days' written notice of termination. Upon termination, Auditor shall be entitled to compensation for services performed up to the effective date of termination.

7. Ownership of Documents. All reports, documents and other writings prepared by and for Auditor, its officers, employees and agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the City upon payment to Auditor for such work, and the City shall have the sole right to use such materials in its discretion without further compensation to Auditor or to any other party. Auditor shall, at Auditor's expense, provide such reports, documents and other writings to City upon written request.

8. Auditor's Books and Records.

a. Auditor shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to City for a minimum period of seven (7) years, or for any longer period required by law, from the date of final payment to Auditor to this Agreement.

b. Auditor shall retain all working papers and reports at the auditor's expense for a minimum of seven (7) 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 to the City or any government agencies included in the audit of federal grants. 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.

c. Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the City Manager, City Attorney, City Treasurer (Director of Finance & Administrative Services), or a designated representative of these officers. Copies of such documents shall be provided to the City for inspection at City Hall when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at Auditor's address indicated for receipt of notices in this Agreement.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

d. Where City has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of Auditor's business, City may, by written request by any of the named officers, require that custody of the records be given to the City and that the records and documents be maintained in City Hall. Access to such records and documents shall be granted to any party authorized by Auditor, Auditor's representatives, or Auditor's successor-in-interest.

9. Independent Contractor. It is understood that Auditor, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and shall not act as an agent or employee of the City. Auditor shall obtain no rights to retirement benefits or other benefits which accrue to City's employees, and Auditor hereby expressly waives any claim it may have to any such rights. City shall not reimburse Auditor for business expenses or supplies and shall not provide Auditor with vacation, pension, insurance, or sick leave. City shall only be required to make its facilities accessible to Auditor as required for Auditor's performance of its services as specified in the Request for Proposals. Auditor shall provide Auditor's own office, tools and supplies and shall be free to engage in contracts with other persons or agencies, either public or private.

10. Interest of Auditor. Auditor (including principals, associates and professional employees) covenants and represents that it does not now have any investment or interest in real property and shall not acquire any interest, direct or indirect, in the area covered by this Agreement or any other source of income, interest in real property or investment which would be affected in any manner or degree by the performance of Auditor's services hereunder. Auditor further covenants and represents that in the performance of its duties hereunder no person having any such interest shall perform any services under this Agreement.

Auditor is not a designated employee within the meaning of the Political Reform Act because Auditor:

- a. will conduct research and arrive at conclusions with respect to his/her rendition of information, advice, recommendation or counsel independent of the control and direction of the City or of any City official, other than normal agreement monitoring; and
- b. possesses no authority with respect to any City decision beyond rendition of information, advice, recommendation or counsel. (FPPC Reg. 18700(a)(2).)

11. Professional Ability of Auditor. City has relied upon the professional training and ability of Auditor to perform the services hereunder as a material inducement to enter into this Agreement. Auditor shall therefore provide properly skilled professional and technical personnel to perform all services under this Agreement. All work performed by Auditor under this Agreement shall be in accordance with applicable legal requirements and shall meet the standard of quality ordinarily to be expected of competent professionals in Auditor's field of expertise.

12. Compliance with Laws. Auditor shall use the standard of care in its profession to comply with all applicable federal, state and local laws, codes, ordinances and regulations.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

13. Licenses. Auditor represents and warrants to City that it has all licenses, permits, qualifications, insurance and approvals of whatsoever nature which are legally required of Auditor to practice its profession. Auditor represents and warrants to City that Auditor shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, insurance and approvals which are legally required of Auditor to practice its profession. Auditor shall maintain a City of Lakewood business license.

14. Indemnity. Auditor agrees to defend, indemnify and hold harmless the City, its officers, officials, agents, employees and volunteers from and against any and all claims, demands, actions, losses, damages, injuries, and liability, direct or indirect (including any and all costs and expenses in connection therein), arising out of and to the extent caused by the Auditor's negligent acts, errors, or omissions in the performance of this Agreement or its failure to comply with any of its obligations contained in this Agreement, except for any such claim arising out of the sole negligence or misconduct of the City, its officers, agents, employees or volunteers.

15. Insurance Requirements.

a. Auditor, at Auditor's own cost and expense, shall, procure and maintain, for the duration of the contract, the following insurance policies.

i. Workers' Compensation Coverage. Auditor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance for his/her employees in accordance with the laws of the State of California. In addition, Auditor shall require each subcontractor to similarly maintain Workers' Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of California for all of the subcontractor's employees. Any notice of cancellation or non-renewal of all Workers' Compensation policies must be received by the City at least thirty (30) days prior to such change. The insurer shall agree to waive all rights of subrogation against City, its officers, agents, employees and volunteers for losses arising from work performed by Auditor for City.

ii. General Liability Coverage. Auditor shall maintain commercial general liability insurance in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit.

iii. Automobile Liability Coverage. Auditor shall maintain automobile liability insurance covering bodily injury and property damage for all activities of the Auditor arising out of or in connection with the work to be performed under this Agreement, including coverage for owned, hired and non-owned vehicles, in an amount of not less than one million dollars (\$1,000,000) combined single limit for each occurrence.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

b. Endorsements. Each general liability and automobile liability insurance policy shall be with insurers possessing a Best's rating of no less than A:VII and shall be endorsed with the following specific language:

i. The City, its elected or appointed officers, officials, employees, agents and volunteers are to be covered as additional insureds with respect to liability arising out of work performed by or on behalf of the Auditor, including materials, parts or equipment furnished in connection with such work or operations.

ii. This policy shall be considered primary insurance as respects the City, its elected or appointed officers, officials, employees, agents and volunteers. Any insurance maintained by the City, including any self-insured retention the City may have, shall be considered excess insurance only and shall not contribute with it.

iii. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.

iv. The insurer waives all rights of subrogation against the City, its elected or appointed officers, officials, employees or agents.

v. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents or volunteers.

vi. The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days written notice has been received by the City.

c. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At the City's option, Auditor shall demonstrate financial capability for payment of such deductibles or self-insured retentions.

d. Certificates of Insurance. Auditor shall provide certificates of insurance with original endorsements to City as evidence of the insurance coverage required herein. Certificates of such insurance shall be filed with the City on or before commencement of performance of this Agreement. Current certification of insurance shall be kept on file with the City at all times during the term of this Agreement.

16. Notices. Any notice required to be given under this Agreement shall be in writing and either served personally or sent prepaid, first class mail. Any such notice shall be addressed to the other party at the address set forth below. Notice shall be deemed communicated within 48 hours from the time of mailing if mailed as provided in this section.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

If to City: City of Lakewood
P.O. Box 220
Lakewood, CA. 90714
Attention: Jose Gomez

If to Auditor:

17. Entire Agreement. This Agreement constitutes the complete and exclusive statement of Agreement between the City and Auditor. All prior written and oral communications, including correspondence, drafts, memoranda, and representations, are superseded in total by this Agreement.
18. Amendments. This Agreement may be modified or amended only by a written document executed by both Auditor and City and approved as to form by the City Attorney.
19. Assignment and Subcontracting. The parties recognize that a substantial inducement to City for entering into this Agreement is the professional reputation, experience and competence of Auditor. Assignments of any or all rights, duties or obligations of the Auditor under this Agreement will be permitted only with the express consent of the City. Auditor shall not subcontract any portion of the work to be performed under this Agreement without the written authorization of the City. If City consents to such subcontract, Auditor shall be fully responsible to City for all acts or omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between City and subcontractor nor shall it create any obligation on the part of the City to pay or to see to the payment of any monies due to any such subcontractor other than as otherwise is required by law.
20. Waiver. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this Agreement.
21. Severability. If any term or portion of this Agreement is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue in full force and effect.
22. Controlling Law Venue. This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this Agreement shall be held exclusively in a state court in the County of Los Angeles.
23. Litigation Expenses and Attorneys' Fees. If either party to this Agreement commences any legal action against the other party arising out of this Agreement, the prevailing party shall be entitled to recover its reasonable litigation expenses, including court costs, expert witness fees, discovery expenses, and attorneys' fees.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

24. Mediation. The parties agree to make a good faith attempt to resolve any disputes arising out of this Agreement through mediation prior to commencing litigation. The parties shall mutually agree upon the mediator and shall divide the costs of mediation equally. If the parties are unable to agree upon a mediator, the dispute shall be submitted to JAMS Foundation ("JAMS") or its successor in interest. JAMS shall provide the parties with the names of five qualified mediators. Each party shall have the option to strike two of the five mediators selected by JAMS and thereafter the mediator remaining shall hear the dispute. If the dispute remains unresolved after mediation, either party may commence litigation.

25. Execution. This Agreement may be executed in several counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least one copy hereof shall have been signed by both parties hereto. In approving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

26. Authority to Enter Agreement. Auditor has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and to bind each respective party.

27. Prohibited Interests. Auditor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Auditor, to solicit or secure this Agreement. Further, Auditor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Auditor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

28. Equal Opportunity Employment. Auditor represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Auditor shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

IN WITNESS HEREOF, the parties have caused this Agreement to be executed on the date first written above.

CITY OF LAKEWOOD:

CONSULTANT:

By: _____

_____, Mayor

Print Name: _____

ATTEST:

Title: _____

Address: _____

City Clerk

Telephone No: _____

APPROVED AS TO FORM:

Business License # _____

City Attorney

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

EXHIBIT – A

The Auditor shall furnish the agreed to services in a professional manner. Auditor shall perform the services described on this exhibit, Exhibit A, which is now incorporated by reference to the Agreement. Auditor shall provide said services at the time, place, and in the manner specified in this exhibit, Exhibit A.

Attached and incorporated by reference to Exhibit A:

- Lakewood's Request for Proposal
- Auditor's Response to Proposal

City of Lakewood CA
REQUEST FOR PROPOSALS
PROFESSIONAL AUDITING SERVICES

EXHIBIT – B

Compensation to be paid to Auditor shall be in accordance with the Schedule of Charges set forth in **Exhibit B**, which is now incorporated in the Agreement by reference. In no event shall Auditor's compensation exceed these amounts without additional authorization from the City.

Attached and incorporated by reference to Exhibit B:

- Lakewood Request for Proposal
- Audit Cost Work Proposal to the Lakewood RFP