

VN#	<u>@00003106</u>		
CT#	<u>E2300433</u>		
ACCT:	<u>1001</u>	-	<u>101050</u> - <u>723000</u>
CT AMT:	<u>\$53,186.00</u>	\	<u>\$ 162,071.00</u>
	Annual		Total

COUNTY OF SISKIYOU

CONTRACT FOR SERVICES
FOR BOARD OF SUPERVISORS SIGNATURE

This Contract made this 14th day of July, 2020 between:

COUNTY: Siskiyou County Auditor-Controller
311 4th Street, Room 101
Yreka CA 96097

And

CONTRACTOR: Smith & Newell CPAs
950 Tharp Rd, STE 502
Yuba City, CA 95993
530-673-9790 Fax 530-673-1305

ARTICLE 1. TERM OF CONTRACT

1.01 Contract Term: This Contract shall become effective on July 1, 2020 and shall terminate on June 30, 2023, unless terminated in accordance with the provisions of Article 7 of this Contract or as otherwise provided herein.

ARTICLE 2. INDEPENDENT CONTRACTOR STATUS

2.01 Independent Contractor: It is the express intention of the parties that Contractor is an independent contractor and not an employee, agent, joint venture or partner of County. Nothing in this Contract shall be interpreted or construed as creating or establishing the relationship of employer and employee between County and Contractor or any employee or agent of Contractor. Both parties acknowledge that Contractor is not an employee for state or federal tax purposes. Contractor shall retain the right to perform services for others during the term of this Contract.

ARTICLE 3. SERVICES

3.01 Scope of Services: Contractor agrees to furnish the following services: Contractor shall provide the services described in Exhibit "A & B" attached hereto.

No additional services shall be performed by Contractor unless approved in advance in writing by the County stating the dollar value of the services, the

method of payment, and any adjustment in contract time or other contract terms. All such services are to be coordinated with County and the results of the work shall be monitored by Jennie Ebejer, Auditor-Controller or her designee.

- 3.02** Method of Performing Services: Contractor will determine the method, details, and means of performing the above-described services including measures to protect the safety of the traveling public and Contractor's employees. County shall not have the right to, and shall not, control the manner or determine the method of accomplishing Contractor's services.
- 3.03** Employment of Assistants: Contractor may, at the Contractor's own expense, employ such assistants as Contractor deems necessary to perform the services required of Contractor by this Contract. County may not control, direct, or supervise Contractor's assistants or employees in the performance of those services.

ARTICLE 4. COMPENSATION

- 4.01** Compensation: In consideration for the services to be performed by Contractor, County agrees to pay Contractor in proportion to services satisfactorily performed as specified in Exhibit "A & B". Fifty-three thousand forty-five dollars (\$53,045) for fiscal year 20/21, fifty-three thousand eight hundred forty dollars (\$53,840) for fiscal year 21/22 and fifty-five thousand one hundred eighty-six dollars (\$55,186) for fiscal year 22/23 for a total not to exceed \$162,071.
- 4.02** Invoices: Contractor shall submit detailed invoices for all services being rendered.
- 4.03** Date for Payment of Compensation: County shall pay within 30 days of receipt of invoices from the Contractor to the County, and approval and acceptance of the work by the County.
- 4.04** Expenses: Contractor shall be responsible for all costs and expenses incident to the performance of services for County, including but not limited to, all costs of materials, equipment, all fees, fines, licenses, bonds or taxes required of or imposed against Contractor and all other of Contractor's costs of doing business. County shall not be responsible for any expense incurred by Contractor in performing services for County.

ARTICLE 5. OBLIGATIONS OF CONTRACTOR

- 5.01** Contractor Qualifications: Contractor warrants that Contractor has the necessary licenses, experience and technical skills to provide services under this Contract.
- 5.02** Contract Management: Contractor shall report to the Jennie Ebejer, Auditor-Controller or her designee who will review the activities and performance of the Contractor and administer this Contract.

- 5.03** Tools and Instrumentalities: Contractor will supply all tools and instrumentalities required to perform the services under this Contract. Contractor is not required to purchase or rent any tools, equipment or services from County.
- 5.04** Workers' Compensation: Contractor shall maintain a workers' compensation plan covering all its employees as required by California Labor Code Section 3700, either through workers' compensation insurance issued by an insurance company or through a plan of self-insurance certified by the State Director of Industrial Relations. If Contractor elects to be self-insured, the certificate of insurance otherwise required by this Contract shall be replaced with a consent to self-insure issued by the State Director of Industrial Relations. Proof of such insurance shall be provided before any work is commenced under this contract. No payment shall be made unless such proof of insurance is provided.
- 5.05** Indemnification: Contractor shall indemnify and hold County harmless against any and all liability imposed or claimed, including attorney's fees and other legal expenses, arising directly or indirectly from any act or failure of Contractor or Contractor's assistants, employees or agents, including all claims relating to the injury or death of any person or damage to any property. Contractor agrees to maintain a policy of liability insurance in the minimum amount of (\$1,000,000) One Million Dollars, to cover such claims or in an amount determined appropriate by the County Risk Manager. If the amount of insurance is reduced by the County Risk Manager such reduction must be in writing. Contractor shall furnish a certificate of insurance evidencing such insurance and naming the County as an additional insured for the above-cited liability coverage prior to commencing work. It is understood that the duty of Contractor to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by County of insurance certificates and endorsements required under this Contract does not relieve Contractor from liability or limit Contractor's liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Contract, Contractor acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.
- 5.06** General Liability and Automobile Insurance: During the term of this Contract, Contractor shall obtain and keep in full force and effect a commercial, general liability and automobile policy or policies of at least (\$1,000,000) One Million Dollars, combined limit for bodily injury and property damage; the County, its officers, employees, volunteers and agents are to be named additional insured under the policies, and the policies shall stipulate that this insurance will operate as primary insurance for work performed by Contractor and its sub-contractors, and that no other insurance effected by County or other named insured will be called on to cover a loss covered thereunder. All insurance required herein shall be provided by a company authorized to do business in the State of California and possess at least a Best A:VII rating or as may otherwise be acceptable to

County. The General Liability insurance shall be provided by an ISO Commercial General Liability policy, with edition dates of 1985, 1988, or 1990 or other form satisfactory to County. The County will be named as an additional insured using ISO form CG 2010 1185 or the same form with an edition date no later than 1990, or in other form satisfactory to County.

5.07 Certificate of Insurance and Endorsements: Contractor shall obtain and file with the County prior to engaging in any operation or activity set forth in this Contract, certificates of insurance evidencing additional insured coverage as set forth in paragraphs 5.04 and 5.10 and which shall provide that no cancellation, reduction in coverage or expiration by the insurance company will be made during the term of this Contract, without thirty (30) days written notice to County prior to the effective date of such cancellation. **Naming the County as a "Certificate Holder" or other similar language is NOT sufficient satisfaction of the requirement.** Prior to commencement of performance of services by Contractor and prior to any obligations of County, contractor shall file certificates of insurance with County showing that Contractor has in effect the insurance required by this Contract. Contractor shall file a new or amended certificate on the certificate then on file. **If changes are made during the term of this Contract, no work shall be performed under this agreement, and no payment may be made until such certificate of insurance evidencing the coverage in paragraphs, 5.05, the general liability policy set forth in 5.06 and 5.10 are provided to County.**

5.08 Public Employees Retirement System (CalPERS): In the event that Contractor or any employee, agent, or subcontractor of Contractor providing services under this Contract is determined by a court of competent jurisdiction or the Public Employees Retirement System (CalPERS) to be eligible for enrollment in CalPERS as an employee of the County, Contractor shall indemnify, defend, and hold harmless County for the payment of any employee and/or employer contributions of CalPERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of County. Contractor understands and agrees that his personnel are not, and will not be, eligible for memberships in, or any benefits from, any County group plan for hospital, surgical or medical insurance, or for membership in any County retirement program, or for paid vacation, paid sick leave, or other leave, with or without pay, or for any other benefit which accrues to a County employee.

5.09 IRS/FTB Indemnity Assignment: Contractor shall defend, indemnify, and hold harmless the County, its officers, agents, and employees, from and against any adverse determination made by the Internal Revenue Service of the State Franchise Tax Board with respect to Contractor's "independent contractor" status that would establish a liability for failure to make social security and income tax withholding payments.

5.10 Professional Liability: If Contractor or any of its officers, agents, employees, volunteers, contractors or subcontractors are required to be professionally licensed or certified by any agency of the State of California in order to perform

any of the work or services identified herein, Contractor shall procure and maintain in force throughout the duration of the Contract a professional liability insurance policy with a minimum coverage level of (\$1,000,000) One Million Dollars, or as determined in writing by County's Risk Management Department.

5.11 State and Federal Taxes: As Contractor is not County's employee, Contractor is responsible for paying all required state and federal taxes. In particular:

- a. County will not withhold FICA (Social Security) from Contractor's payments;
- b. County will not make state or federal unemployment insurance contributions on behalf of Contractor.
- c. County will not withhold state or federal income tax from payment to Contractor.
- d. County will not make disability insurance contributions on behalf of Contractor.
- e. County will not obtain workers' compensation insurance on behalf of Contractor.

5.12 Records: All reports and other materials collected or produced by the Contractor or any subcontractor of Contractor shall, after completion and acceptance of the Contract, become the property of County, and shall not be subject to any copyright claimed by the Contractor, subcontractor, or their agents or employees. Contractor may retain copies of all such materials exclusively for administration purposes. Any use of completed or uncompleted documents for other projects by Contractor, any subcontractor, or any of their agents or employees, without the prior written consent of County is prohibited. It is further understood and agreed that all plans, studies, specifications, data magnetically or otherwise recorded on computer or computer diskettes, records, files, reports, etc., in possession of the Contractor relating to the matters covered by this Contract shall be the property of the County, and Contractor hereby agrees to deliver the same to the County upon request. It is also understood and agreed that the documents and other materials including but not limited to those set forth hereinabove, prepared pursuant to this Contract are prepared specifically for the County and are not necessarily suitable for any future or other use.

5.13 Contractor's Books and Records: Contractor 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 the County for a minimum of five (5) years, or for any longer period required by law, from the date of final payment to the Contractor under this Contract. Any records or documents required to be maintained shall be made available for inspection, audit and/or copying at any time during regular business hours, upon oral or written request of the County.

5.14 Assignability of Contract: It is understood and agreed that this Contract contemplates personal performance by the Contractor and is based upon a determination of its unique personal competence and experience and upon its specialized personal knowledge. Assignments of any or all rights, duties or

obligations of the Contractor under this Contract will be permitted only with the express written consent of the County.

5.15 Warranty of Contractor: Contractor warrants that it, and each of its personnel, where necessary, are properly certified and licensed under the laws and regulations of the State of California to provide the special services agreed to.

5.16 Withholding for Non-Resident Contractor: Pursuant to California Revenue and Taxation Code Section 18662, payments made to nonresident independent contractors, including corporations and partnerships that do not have a permanent place of business in this state, are subject to 7 percent state income tax withholding.

Withholding is required if the total yearly payments made under this contract exceed \$1,500.00.

Unless the Franchise Tax Board has authorized a reduced rate or waiver of withholding and County is provided evidence of such reduction/waiver, all nonresident contractors will be subject to the withholding. It is the responsibility of the Contractor to submit the Waiver Request (Form 588) to the Franchise Tax Board as soon as possible in order to allow time for the Franchise Tax Board to review the request.

5.17 Compliance with Child, Family and Spousal Support Reporting Obligations: Contractor's failure to comply with state and federal child, family and spousal support reporting requirements regarding contractor's employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment relating to child, family and spousal support obligations shall constitute a default under this Contract. Contractor's failure to cure such default within ninety (90) days of notice by County shall be grounds for termination of this Contract.

5.18 Conflict of Interest: Contractor covenants that it presently has no interest and shall not acquire an interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. Contractor further covenants that, in the performance of this Contract, no subcontractor or person having such an interest shall be used or employed. Contractor certifies that no one who has or will have any financial interest under this contract is an officer or employee of County.

5.19 Compliance with Applicable Laws: Contractor shall comply with all applicable federal, state and local laws now or hereafter in force, and with any applicable regulations, in performing the work and providing the services specified in this Contract. This obligation includes, without limitations, the acquisition and maintenance of any permits, licenses, or other entitlements necessary to perform the duties imposed expressly or impliedly under this Contract.

5.20 Bankruptcy: Contractor shall immediately notify County in the event that Contractor ceases conducting business in the normal manner, becomes

insolvent, makes a general assignment for the benefit of creditors, suffer or permits the appointment of a receiver for its business or assets, or avails itself of, or becomes subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or protection of the rights of creditors.

ARTICLE 6. OBLIGATIONS OF COUNTY

6.01 Cooperation of County: County agrees to comply with all reasonable requests of Contractor (to provide reasonable access to documents and information as permitted by law) necessary to the performance of Contractor's duties under this Contract.

ARTICLE 7. TERMINATION

7.01 Termination on Occurrence of State Events: This Contract shall terminate automatically on the occurrence of any of the following events:

1. Bankruptcy or insolvency of Contractor
2. Death of Contractor

7.02 Termination by County for Default of Contractor: Should Contractor default in the performance of this Contract or materially breach any of its provisions, County, at County's option, may terminate this Contract by giving written notification to Contractor.

7.03 Termination for Convenience of County: County may terminate this Contract at any time by providing a notice in writing to Contractor that the Contract is terminated. Said Contract shall then be deemed terminated and no further work shall be performed by Contractor. If the Contract is so terminated, the Contractor shall be paid for that percentage of the phase of work actually completed, based on a pro rata portion of the compensation for said phase satisfactorily completed at the time of notice of termination is received.

7.04 Termination of Funding: County may terminate this Contract in any fiscal year in that it is determined there is not sufficient funding. California Constitution Article XVI Section 18.

ARTICLE 8. GENERAL PROVISIONS

8.01 Notices: Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid or return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing in the introductory paragraph of this Contract, but each party may change the address by written notice in accordance with the paragraph. Notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated as of two (2) days after mailing.

- 8.02** Entire Agreement of the Parties: This contract supersedes any and all contracts, either oral or written, between the Parties hereto with respect to the rendering of services by Contractor for County and contains all the covenants and contracts between the parties with respect to the enduring of such services in any manner whatsoever. Each Party to this Contract acknowledges that no representations, inducements, promises, or contract, orally or otherwise, have been made by any party, or anyone acting on behalf of any Party, which are not embodied herein, and that no other contract, statement, or promise not contained in this Contract shall be valid or binding. Any modification of this Contract will be effective only if it is in writing signed by the Party to be charged and approved by the County as provided herein or as otherwise required by law.
- 8.03** Partial Invalidity: If any provision in this Contract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provision will nevertheless continue in full force without being impaired or invalidated in any way.
- 8.04** Attorney's Fees: If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Contract, the prevailing Party will be entitled to reasonable attorney's fees, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled.
- 8.05** Conformance to Applicable Laws: Contractor shall comply with the standard of care regarding all applicable federal, state and county laws, rules and ordinances. Contractor shall not discriminate in the employment of persons who work under this contract because of race, the color, national origin, ancestry, disability, sex or religion of such person.
- 8.06** Waiver: In the event that either County or Contractor shall at any time or times waive any breach of this Contract by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Contract, whether of the same or any other covenant, condition or obligation.
- 8.07** Governing Law: This Contract and all matters relating to it shall be governed by the laws of the State of California and the County of Siskiyou and any action brought relating to this Contract shall be brought exclusively in a state court in the County of Siskiyou.
- 8.08** Reduction of Consideration: Contractor agrees that County shall have the right to deduct from any payments contracted for under this Contract any amount owed to County by Contractor as a result of any obligation arising prior or subsequent to the execution of this contract. For purposes of this paragraph, obligations arising prior to the execution of this contract may include, but are not limited to any property tax, secured or unsecured, which tax is in arrears. If County exercises the right to reduce the consideration specified in this Contract,

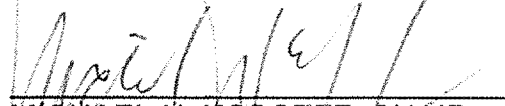
County shall give Contractor notice of the amount of any off-set and the reason for the deduction.

- 8.09** Negotiated Contract: This Contract has been arrived at through negotiation between the parties. Neither party is to be deemed the party which prepared this Contract within the meaning of California Civil Code Section 1654. Each party hereby represents and warrants that in executing this Contract it does so with full knowledge of the rights and duties it may have with respect to the other. Each party also represents and warrants that it has received independent legal advice from its attorney with respect to the matters set forth in this Contract and the rights and duties arising out of this Contract, or that such party willingly foregoes any such consultation.
- 8.10** Time is of the Essence: Time is of the essence in the performance of this Contract.
- 8.11** Materiality: The parties consider each and every term, covenant, and provision of this Contract to be material and reasonable.
- 8.12** Authority and Capacity: Contractor and Contractor's signatory each warrant and represent that each has full authority and capacity to enter into this Contract.
- 8.13** Binding on Successors: All of the conditions, covenants and terms herein contained shall apply to, and bind, the heirs, successors, executors, administrators and assigns of Contractor. Contractor and all of Contractor's heirs, successors, executors, administrators, and assigns shall be jointly and severally liable under the Contract.
- 8.14** Cumulation of Remedies: All of the various rights, options, elections, powers and remedies of the parties shall be construed as cumulative, and no one of them exclusive of any other or of any other legal or equitable remedy which a party might otherwise have in the event of a breach or default of any condition, covenant or term by the other party. The exercise of any single right, option, election, power or remedy shall not, in any way, impair any other right, option, election, power or remedy until all duties and obligations imposed shall have been fully performed.
- 8.15** No Reliance On Representations: Each party hereby represents and warrants that it is not relying, and has not relied upon any representation or statement made by the other party with respect to the facts involved or its rights or duties. Each party understands and agrees that the facts relevant, or believed to be relevant to this Contract, may hereunder turn out to be other than, or different from the facts now known to such party as true, or believed by such party to be true. The parties expressly assume the risk of the facts turning out to be different and agree that this Contract shall be effective in all respects and shall not be subject to rescission by reason of any such difference in facts.

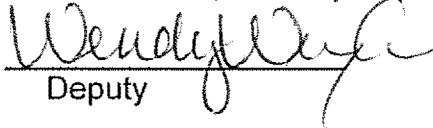
IN WITNESS WHEREOF, County and Contractor have executed this agreement on the dates set forth below, each signatory represents that he/she has the authority to execute this agreement and to bind the Party on whose behalf his/her execution is made.

Date: 7/14/2020

COUNTY OF SISKIYOU

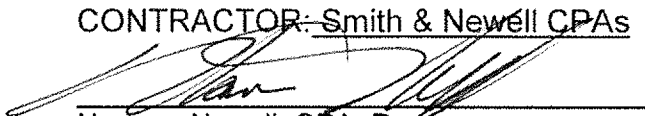

MICHAEL N. KOBSEFF, CHAIR
Board of Supervisors
County of Siskiyou
State of California

ATTEST:
LAURA BYNUM
Clerk, Board of Supervisors

By: 
Deputy

CONTRACTOR: Smith & Newell CPAs

Date: 7-1-20


Norman Newell, CPA, Partner

Date: 7/1/2020


Carrie Schroeder, CPA, Partner

License No.: 5148
(Licensed in accordance with an act providing for the registration of contractors)

Note to Contractor: For corporations, the contract must be signed by two officers. The first signature must be that of the chairman of the board, president or vice-president; the second signature must be that of the secretary, assistant secretary, chief financial officer or assistant treasurer. (Civ. Code, Sec. 1189 & 1190 and Corps. Code, Sec. 313.)

TAXPAYER I.D. 68-0141969

ACCOUNTING:			
Fund	Organization	Account	Activity Code (if applicable)
1001	101050	723000	FY 20/21 \$53,045
			FY 21/22 \$53,840
			FY 22/23 \$55,186

Encumbrance number (if applicable):

If not to exceed, include amount not to exceed: \$162,071

If needed for multi-year contracts, please include separate sheet with financial information for each fiscal year.

May 1, 2020

County of Siskiyou
Auditor-Controller
311 4th St, Room 101
Yreka, CA 96097

Dear Auditor-Controller:

Smith & Newell CPAs is pleased to submit our proposal to provide the County of Siskiyou professional audit services for the fiscal years ending June 30, 2020, 2021 and 2022, with optional extensions for fiscal years 2023 and 2024. We have carefully researched your requirements and believe that our technical approach and staffing plan described herein respond fully to the County's needs. Our proposal is in accordance with all terms, conditions and requirements contained in the County's RFP dated April 9, 2020.

Understanding of the Work to be Performed

Our understanding of the scope of work is as follows:

- We will issue a report on the financial statements in conformity with accounting principles generally accepted in the United States of America for the County of Siskiyou.
- We will issue a report on the internal controls over financial reporting and on compliance and other matters in accordance with Government Auditing Standards.
- We will issue an Independent Auditor's report on compliance for each major federal program; report on internal control over compliance; and report on the schedule of expenditures of federal awards required by the Uniform Guidance.
- We will prepare any additional reports required by the Uniform Guidance.
- We will prepare a Management report and Auditor's Communication Letters
- We will test compliance with Proposition 111, Article XIII-B, Review of Appropriations Limit calculation and will issue an Independent Accountant's report on applying agreed-upon procedures related to the County's annual calculation of the Appropriations Limit.
- We will have an exit conference with Auditor-Controller.
- We will be responsible for report preparation and printing of the County's Annual Financial Report, Single Audit Report, Appropriations Limit and Management Comment Letter (if applicable). We will provide copies in PDF format, in addition to five printed copies.

- We will prepare other reports for the governing body as may be required by generally accepted auditing standards or the Governmental Accounting Standards Board (GASB).
- We will complete and upload the Financial Statements and Single Audit Report to the State Controller's Office by no later than February 15th of each year, provided the County has produced all necessary records to complete the audit timely.

Smith & Newell Qualifications

We believe our audit approach involving experienced staff, extensive partner participation and our proposed work plan uniquely qualify Smith & Newell to be the best choice for the County of Siskiyou.

Our staff, who will be assigned to the County's audit, are experienced professionals that have extensive experience with government audits. Each of our staff bring experience to the audit that allows for a new outlook with innovative suggestions to improve quality and efficiency. We feel the choice of an audit firm should be primarily based upon staff. We have an extremely low percentage of key employee turnover and we are confident that we will provide the County with consistent staff over the contract period.

Partner involvement is also key to the audit's success. Norman Newell and Carrie Schroeder actively participate in all phases of the audit. They will be responsive to the County's needs and are available to assist the County at any time during the year. Their extensive experience with government auditing provides the benefit of recommendations based on valuable insights to better improve the County's operations and procedures.

Our proposed work plan is based on years of experience with government auditing. We understand the demands placed on governments today and the challenges they face. In developing our work plan, we use the latest audit technology and methodologies to accomplish the goals of the engagement in the most efficient manner which minimizes disruption to normal County operations.

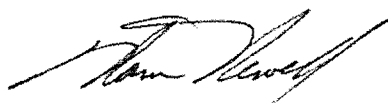
The following individuals are authorized to make representations for Smith & Newell CPAs:

Norman Newell, CPA, Partner
 950 Tharp Rd, Ste 502
 Yuba City, CA 95993
 (530) 673-9790
accounting@smithandnewell.com

Carrie Schroeder, CPA, Partner
 950 Tharp Rd, Ste 502
 Yuba City, CA 95993
 (530) 673-9790
accounting@smithandnewell.com

We hope that as you read through this proposal, you recognize the philosophy of our firm which is to provide each of our clients with exceptional service, experienced staff, and an audit approach that will fit their needs. Our dedication to quality, professional standards and service has been the guiding force in our firm since its inception in 1988. Thank you for providing us the opportunity to present our proposal. This is a firm and irrevocable offer for 120 days from the date of this proposal. As partners in the firm of Smith & Newell, CPAs, Norman Newell and Carrie Schroeder are authorized to make representations for the firm. If you have any questions concerning this proposal, please contact Norman Newell or Carrie Schroeder.

Sincerely,
Smith & Newell CPAs



Norman Newell, CPA
 Partner

Executive Summary

Smith & Newell CPAs is a full-service CPA firm located in Yuba City, California. Norman Newell, CPA will lead the proposed auditing services that include an audit of the annual financial statements and compliance for the County of Siskiyou for the fiscal years ending June 30, 2020, 2021 and 2022, with optional extensions for the fiscal years 2023 and 2024.

When considering whether to hire our firm, you will find that Smith & Newell stands out from our competitors in several areas, such as:

Experienced and Involved Partners

Norman Newell, CPA and Carrie Schroeder, CPA have over 46 years of combined professional auditing, accounting and consulting experience. Both partners will be extensively involved in the County's audit, and will freely lend their expertise on any accounting or internal control issues.

Timely Audits

Smith & Newell is committed to meeting all audit deadlines. Our audits are performed in accordance with an agreed-upon schedule, and submissions to the State of California are filed on time.

Commitment to Quality

Smith & Newell receives a peer review of our system of quality control for our accounting and auditing practice every three years. Our most recent peer review was completed with a *pass* rating. All audits submitted to the State have been approved.

Audit Process

Smith & Newell has extensive experience auditing governmental and nonprofit entities, which makes for a smooth audit process. Our firm guarantees that our staff are experienced and supervised, our clients will be given an audit plan prior to the start of fieldwork, and we will be considerate of your staff's time during our audit and fieldwork. We have developed a process in which we are able to complete portions of the audit remotely, including access to a secure dropbox and virtual meetings and discussions. We will also issue a draft of our reports to the County and will discuss any questions, concerns and audit findings with the County before the reports are finalized.

Problems/Solutions

Smith & Newell CPAs is adept at identifying problem areas that may exist in your organization and providing solutions to help mitigate those problem areas in the future. Both partners will freely discuss any areas that could be changed or improved to help your organization. We are also available for consulting on future GASB pronouncements.

Our proposal that follows provides more specific information on the scope of audit services we will provide, our firm and staff experience, qualifications, references and approach to the audit. We hope you choose Smith & Newell CPAs for your auditing needs.

Section I – Technical Proposal

1. LICENSE TO PRACTICE IN THE STATE OF CALIFORNIA

Smith & Newell CPAs is licensed to practice accounting in the State of California and has complied with all applicable California State Board of Accountancy requirements. In addition, all of the key professional staff that will be assigned to the audit, including the partners and manager, are also licensed to practice in the State of California and have complied with all applicable State Board of Accountancy standards.

2. INDEPENDENCE

Smith & Newell CPAs is independent of the County of Siskiyou and all of the component units of the County of Siskiyou, as defined by auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards (commonly referred to as the “Yellow Book” standards), issued by the Comptroller General of the United States.

3. FIRM QUALIFICATIONS AND EXPERIENCE

Our Practice

Smith and Newell, CPAs was established in 1988 as a full-service firm. We are a CPA firm located in Yuba City, California. We are a general partnership providing auditing, tax, accounting and consulting services to governmental entities, nonprofits, corporations, partnerships and individuals. Government services constitute a significant portion of Smith & Newell’s total practice. The firm of Smith & Newell has a commitment to maintain a “hands on” approach to our governmental audits. We actively participate in all phases of each engagement and feel that because of this policy we are able to offer you a high-quality audit at a reasonable price.

Currently our firm consists of seven individuals, including five professionals and two administrative personnel. The professional staff consists of two partners, one manager, one senior and one staff accountant. The County’s engagement will be staffed full-time, as required, by both partners, one manager, one senior, one staff accountant, plus administrative assistance.

Peer Review

Our firm is devoted to quality, and we have taken extra steps to assure that we meet the highest professional standards of quality. Our firm has a program of quality control to ensure that our engagements meet the standards of the Yellow Book, including qualifications, independence, due professional care, and quality control. Every three years we must undergo a peer review of our system of quality control for our accounting and auditing practice. Our peer review includes an onsite review of specific government engagements. A Peer Review Committee establishes the standards and procedures governing the conduct of the peer review. Upon completion of the peer review, the reviewers communicate their findings to the reviewed firm and

prepare a written report. These standards provide that the report should contain, among other things:

- The reviewer's opinion on whether the reviewed firm's quality control system met the guidelines of quality control standards established by the AICPA, and whether the system was being complied with to provide the firm with reasonable assurance of conforming to professional standards.
- The reviewer may issue an unqualified, qualified or adverse opinion. We are pleased to report that we have always received an unqualified opinion - the highest level of assurance possible. Our continued participation in periodic peer reviews and our voluntary membership in the AICPA and the California Society of CPAs support the firm's commitment to quality and client service.

A copy of our most recent peer review report is provided in Appendix C.

Professional Associations

We are members of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. In addition, our firm is a member of the AICPA's Governmental Audit Quality Center. We are also members in the Governmental Finance Officers Association (GFOA).

No Record of Substandard Work

Our firm does not have a record of substandard audit work, nor any outstanding claim of substandard work or unsatisfactory performance pending with the State Board of Accountancy nor the Federal Inspector General. There have not been any positive enforcement actions or other matters that would reflect negatively on our professional qualifications, including any action for substandard audits taken by the State Board of Accountancy, or the Federal Inspector General.

Disciplinary Action

There are not any current or pending disciplinary or litigation actions against our firm in any manner related to our professional activities, nor have there been any such actions in the past.

4. PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

Qualifications and Experience of Individuals Assigned to the Engagement

The engagement team for County of Siskiyou collectively possess over 66 years of auditing experience. They have the ability and expertise to meet the complex demands of the engagement.

- Norman Newell, CPA – Norman is a partner with Smith & Newell CPAs, specializing in government auditing. As a partner in the firm he will have hands-on involvement in all aspects of this engagement. He will serve as quality assurance partner for the County's audit. He will also be responsible

for onsite project management and for the day-to-day management of services to the County. He will be responsible for planning the audit and assuring that the design of audit programs achieves the objectives of the audit. He will review the progress of the audit, assist in resolving technical issues and review reports for overall quality. He reviews and signs all of the reports issued by Smith & Newell and is responsible for firm-wide quality control standards, including annual internal quality control inspections. He will have ultimate responsibility for the delivery of services to the County of Siskiyou and will work with the County regarding new accounting and auditing pronouncements, and ensure issues are identified and resolved in a timely manner.

- Carrie Schroeder, CPA – Carrie is a partner in Smith & Newell CPAs, specializing in government auditing. As a partner in the firm she will have hands-on involvement in all aspects of this engagement. She will serve as a quality assurance partner for the County's audit. She will be responsible for planning the audit and assuring that the design of audit programs achieves the objectives of the audit. As a partner in the firm she will assist in resolving technical issues and perform final review of reports for overall quality. She will work with the County regarding new accounting and auditing pronouncements, and ensure issues are identified and resolved in a timely manner.
- Matthew Davis, CPA – Matt is a manager in Smith & Newell CPAs, with experience in government auditing. As a manager in the firm he will be responsible for ensure the single audit requirements, if required, are complied with in accordance with the Uniform Guidance. His specialty is single audit compliance and keeping abreast of new developments and requirements in accordance with Uniform Guidance audits. He will also participate in various aspects of the County audit, including internal control testing and analytical reviews.
- Amanda Brown – Amanda is a senior with Smith & Newell CPAs, with experience in government auditing. As a senior in the firm she will participate in various aspects of the County's audit including tests of transactions, tests of details, test of account balances and analytical procedures, as well as tests of compliance with applicable laws, regulations and contracts. She will also participate in preparing the financial statements.
- Cynthia Ramirez – Cynthia is a staff accountant with Smith & Newell CPAs. She joined the Smith & Newell auditing staff in 2019. As a staff accountant she will participate in various aspects of the County's audit including tests of controls and compliance, with supervision of the partners, manager and senior.

Engagement Staffing

We are committing the partners, manager, senior and staff as assigned in this proposal, and they will not be changed unless those personnel leave the firm. Resumes of personnel to be assigned to the County's audit are provided in Appendix A.

The following lists the estimated percentage of time for each personnel assigned to the audit:

Norman Newell, Partner	24%
Carrie Schroeder, Partner	10%
Matthew Davis, Manager	22%
Amanda Brown, Senior	21%
Cynthia Ramirez, Staff Accountant	14%
Kimberly Zammit, Administrative	9%

5. CONTINUING PROFESSIONAL EDUCATION AND TRAINING

Smith & Newell staff that perform work on governmental audits are required to satisfy the "Yellow Book" requirement of having at least 80 hours of continuing professional education every 2 years, of which 24 must be directly related to the government environment and government auditing. Smith & Newell utilizes various professional organizations, including CalCPA, GFOA and Thompson Reuters, to fulfill this requirement. Smith & Newell also holds regular staff meetings to train on existing and new standards related to governmental accounting and auditing. Our staff also has full access to our in-house and online reference libraries which are consistently updated with the most recent publications from organizations including GFOA, GASB, AICPA and Thompson Reuters.

6. SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

Smith & Newell CPAs provides a significant amount of audit services to governmental entities. A firm resume of governmental audits we have performed in the last five years is included in Appendix B. A representative list of three of those audits follows:

County of Calaveras

Scope of Services:

Conducted financial and/or compliance audits and prepared reports as follows:

- Comprehensive Annual Financial Report
- Single Audit Report
- Appropriations Limit
- Treasury Oversight Examination
- Abandoned Vehicle Abatement Service Authority

Client Contact:

Kathy Gomes, Auditor-Controller
891 Mountain Ranch Rd
San Andreas, Ca 95249
(209) 754-6343
kgomes@co.calaveras.ca.us

County of Amador

Scope of Services:

Conducted financial and/or compliance audits and prepared reports as follows:

- Annual Financial Report
- Single Audit Report
- Appropriations Limit
- Treasury Oversight Examination

Client Contact:

Tacy Oneto-Rouen, Auditor-Controller
810 Court St
Jackson, CA 95642
(209) 223-6363
trouen@amadorgov.org

County of Tehama

Scope of Services:

Conducted financial and/or compliance audits and prepared reports as follows:

- Annual Financial Report
- Single Audit Report
- Appropriations Limit
- Treasury Oversight Examination
- Abandoned Vehicle Abatement Service Authority

Client Contact:

LeRoy Anderson, Auditor-Controller
444 Oak St, Room J
Red Bluff, CA 96080
(530) 527-3474
LAnderson@co.tehama.ca.us

7. SPECIFIC AUDIT APPROACH

Our audit methodology for performing financial statement audits of government entities involves four phases. Phase 1 – Planning and Strategy, Phase 2 – Systems Evaluation, Phase 3 – Testing and Analysis, Phase 4 – Reporting and Follow-Up. These phases are summarized below:

Phase 1 – Planning and Strategy

This phase establishes our basic understanding of the County and its environment and forms the basis of our evaluation of internal control.

- Establish an understanding with the County
- Schedule staffing and conduct staff fraud and discussion meeting
- Develop and expand understanding of the County's operations by review of prior year workpapers, reviewing minutes and discussion and analysis
- Determine planning and design materiality and tolerable misstatement
- Perform preliminary determination of major programs and materiality

- Conduct entrance meetings with County personnel and management and inquire about fraud and abuse.
- Identify significant processes and internal controls
- Conduct observations and walkthrough of transactions
- Identify risk factors
- Perform tests of transactions for payroll transactions, cash receipts and disbursements, and selected federal program expenditures
- Prepare initial Audit Preparation Schedule and transmit to the County

Phase 2 – Systems Evaluation

The timing of this phase is dependent on when the County has completed the initial Client Preparation Schedule and closed the County general ledger.

- Request Federal program expenditure schedule from County and determine major programs
- Request County closed trial balances
- Format financial statements and footnotes
- Perform preliminary analytical procedures
- Schedule meetings with County management to ensure good coordination of engagement
- Develop and expand understanding of information systems
- Identify control objectives
- Identify and understand relevant control activities for financial reporting as well as for single audit
- Determine the nature, extent and timing of control tests and compliance
- Perform nonsampling control tests and test compliance
- Assess internal control on a preliminary basis
- Design and update audit programs

Phase 3 – Testing and Analysis

The timing of this phase will be flexible to best accommodate the schedule of the County while keeping in line with statutory requirements.

- Conduct additional audit procedures to conclude on financial statement presentation
- Perform compliance procedures on required disclosures including pension and OPEB
- Perform compliance tests including the Uniform Guidance major single audit programs
- Progress conference and exit conference with the County to discuss reports, pending items and observations
- Obtain legal representation letter and review for potential liability
- Documentation and review of workpapers

Phase 4 – Reporting and Follow-Up

- Perform overall analytical procedures
- Reassess materiality and risk
- Evaluate misstatements
- Conclude other audit procedures and clear open items with County

- Determine conformity with applicable standards
- Complete comprehensive engagement review
- Prepare and compile draft reports including Annual Financial Report, Single Audit Report, Appropriations Limit and Management Comment Letter for the County
- Review County comments and suggestions and make any required revisions
- Obtain Management Representation letter
- Make presentation to County Board of Supervisors, if requested

We will attend all mutually scheduled meetings regarding the services to be performed under the County's RFP dated April 9, 2020.

Technological Advantages

We have developed specialized resources for performing government audits. These resources include automated and electronic checklists for evaluation controls, source documents for risk-based audit methodology, standardized sample selection procedures, integrated trial balances, combining schedules and links to professional standards. Our staff have unlimited access to online reference libraries and electronic source documents to help maintain efficiency and accuracy during the audit process.

Our firm utilizes Thomson Reuters' Workpapers CS trial balance software that streamlines the audit process, and gives us the ability to manage documents and data from a variety of sources.

Our firm has also worked with the Banner Finance system, used by the County of Siskiyou, for over 20 years. We feel this experience enables us to streamline the audit process and record requests for fieldwork.

Smith & Newell CPAs is dedicated to protecting our clients' information. We provide an online client portal called SecureDrawer that gives our staff and our clients a very secure way to send and receive information during the audit quickly and securely. Each drawer is encrypted and accessed with a username and password unique to each client.

Laws and Regulations

In the County of Siskiyou's audit, substantial attention will be given to compliance with laws and regulations. Although management is responsible for ensure that the County complies with laws and regulations applicable to its activities, the independent auditor is responsible for considering them and how they affect the audit. We design the audit to provide reasonable assurance that the financial statements are free of material misstatements resulting from violations of laws and regulations that have a direct and material effect on the determination of financial statement amounts.

Among other things, Government Auditing Standards establish additional requirements related to:

- Noncompliance with contracts and grant agreements
- Abuse

- Communication of fraud, illegal acts, noncompliance and abuse

Single Audit Compliance

The Uniform Guidance states that the compliance testing shall include tests of transactions and such other auditing procedures necessary to provide the auditor sufficient evidence to support an opinion on compliance. Supporting an opinion on compliance on each major program requires testing of each major program.

Professional judgement is required in the selection of transactions for testing. Risk factors to consider include the following:

- Size of program
- Program maturity at the Federal agency
- Program maturity at the auditee
- Complexity
- Extent of contracting
- Multiple internal control structures
- Use of subrecipients
- Extent of computer processing
- Level of oversight
- Prior audit findings

The assurance required (and, therefore, the determination of the minimum sample size) is directly related to the risk of material noncompliance remaining after other audit procedures (risk assessment procedures, substantive analytical procedures, and tests of individually important items) have been performed. We typically assume a five percent tolerable exception rate and based on the degree of assurance needed after analysis of our other audit procedures, we select a sample size based on paragraph 11.72 of the GAS/SA Audit Guide.

Identification of Anticipated Potential Audit Problems

We are not aware of any anticipated problems.

Workpaper Retention

Audit programs, workpapers and reports will be retained for a period of seven years after the completion of the audit and made available for inspection by the County of Siskiyou, oversight or cognizant agencies, parties designated by federal or state governments, auditors of entities of which the County of Siskiyou is a subrecipient of grant funds or component unit, and additional auditors if requested by them.

Section II – Cost Proposal

1. FEE PHILOSOPHY

Our fee philosophy is to foster long-term client relationships by offering fair pricing commensurate with our expertise. We strive to maintain efficiency in our audit approach so we can achieve maximum results in the budgeted time. We also strive to maintain billing rates that are reasonable in relation to the expertise of our staff.

As partners in the firm of Smith & Newell CPAs, Norman Newell and Carrie Schroeder are authorized to represent the firm, empowered to submit the bid, and authorized to sign a contract with the County of Siskiyou.

2. TOTAL ALL-INCLUSIVE MAXIMUM PRICE

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>
Annual Financial Statements	\$ 36,665	\$ 37,216	\$ 38,146
Single Audit Requirements	15,130	15,356	15,740
GANN Appropriations Limit	<u>1,250</u>	<u>1,268</u>	<u>1,300</u>
Total	<u>\$ 53,045</u>	<u>\$ 53,840</u>	<u>\$ 55,186</u>
	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>
Estimated Total Hours for Each Fiscal Year	435	430	450
Optional Extensions		<u>2022/23</u>	<u>2023/24</u>
Annual Financial Statements		\$ 39,100	\$ 40,078
Single Audit Requirements		16,134	16,537
GANN Appropriations Limit		<u>1,332</u>	<u>1,365</u>
Total		<u>\$ 56,566</u>	<u>\$ 57,980</u>
Optional Extensions		<u>2022/23</u>	<u>2023/24</u>
Estimated Total Hours for Each Optional Fiscal Year		440	440

Our total all-inclusive maximum price includes any out-of-pocket expenses incurred during the course of our audit. If it should become necessary for the County of Siskiyou to request the auditor to render any additional services to either supplement the services requested in the RFP or 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 County of Siskiyou and Smith and Newell CPAs. Any such additional work agreed to



between the County of Siskiyou and Smith and Newell CPAs shall be performed at a negotiated (agreed-upon) rates relative to the contracted service fee.

The following section provides our billing rates by staff level at the present time. The above proposed cost for each audit assumes an inflation rate of 1.0 to 2.5 percent per year. It is anticipated that our future billing rates for the optional two one-year extensions will increase at that approximate rate.

3. RATES AND ASSIGNED HOURS BY STAFF LEVEL

	Staff Hourly Rates	Estimated Hours Assigned for Audit
Annual Financial Statements		
Partner	\$ 175	115
Manager	120	20
Senior	100	65
Staff Accountant	80	60
Administrative Assistant	60	35
Total Annual Financial Statements		295
Single Audit Requirements		
Partner	\$ 175	30
Manager	120	70
Senior	100	25
Staff Accountant	80	-
Administrative Assistant	60	8
Total Single Audit Requirements		133
GANN Appropriations Limit		
Partner	\$ 175	3
Manager	120	4
Senior	100	-
Staff Accountant	80	-
Administrative Assistant	60	-
Total GANN Appropriations Limit		7

Exhibit B

COUNTY OF SISKIYOU



Request for Proposal

**Audit of Annual
Financial Statements and
Federal Financial Assistance Programs**

Release Date: April 9, 2020

Submittal Deadline: May 8, 2020, 12:00 Noon, PM Pacific Time

COUNTY OF SISKIYOU

**Request for Proposal to Conduct an Audit
of Annual Financial Statements and
Federal Financial Assistance Programs**

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Attachment A – Audited Financial Statements June 30, 2019

Attachment B – Single Audit Report June 30, 2019

1.0 – Introduction and General Information

- 1.1. The County of Siskiyou (the County) is soliciting proposals from qualified firms, herein referred to as Contractor, to provide independent audit services. The purpose for these audit services will be:

To express an opinion on the fair presentation of the County’s financial statements, including the combining and individual fund financial statements, in accordance with accounting standards generally accepted in the United States of America (US GAAP) for the fiscal years ending June 30, 2020, 2021, and 2022, with optional extensions for fiscal years 2023 and 2024 at the discretion of the County.

To perform a single audit of the County’s federal award programs in accordance with the audit requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

To perform an agreed upon procedures engagement for the County’s annual calculation of the Appropriations Limit as prescribed by Section 1.5 of Article XIII-B of the California Constitution (Proposition 4).

To provide assistance in implementing any new changes due to new GASB standards.

All audit services shall be provided in accordance with all terms and conditions contained herein.

- 1.2 Each proposer shall provide two proposal hard copies and an electronic copy. The proposal shall be organized to address individually each of the following components as outlined in Section 2.0 of this RFP.

- 1.2.1 Annual Financial Statements

- 1.2.2 Single Audit

- 1.2.3 GANN Appropriations Limit

- 1.3 Additional detail on the required reports to be provided by the Contractor and assistance to be provided by the County is described in Section 3.0 and Section 5.0, respectively.
- 1.4 The County operates under general law and is governed by an elected five-member Board of Supervisors (the Board). Organizational units of the County are under the direction of the appointed County Administrative Officer, elected officials or appointed department/agency heads.
- 1.5 Accounting records for the County and financial statements are maintained and prepared by the Auditor-Controller. The Auditor-Controller will oversee the preparation of the Financial Statements, Single Audit, and Annual calculation of the appropriations Limit. For financial reporting purposes, the County reported 6 individual major funds, as defined in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, for the fiscal year ended June 30, 2019. The most recent annual Financial Statements and Single audit have been attached to this RFP for reference as Attachments A and B respectively. Copies of the County’s previously submitted Annual Financial

Statements and Single Audits are available online, as well as the County's 2019-20 Final Budget, at the County of Siskiyou website at:

<https://www.co.siskiyou.ca.us/auditor-controller>

- 1.6 The County adheres to the accounting principles, standards and procedures prescribed by the State Controller's Office as set forth in its manual *Accounting Standards and Procedures for Counties*, which conforms to US GAAP.
- 1.7 The County uses Banner (an Ellucian product) as its financial reporting system. Banner is an integrated system of modules that performs double-entry accounting. Other computer applications used by the County include Megabyte (property tax system) Kronos (time keeping system) and CAMS (cost accounting system).
- 1.8 Contractors may submit questions for clarification about the RFP requirements to the County via email to the following address: cmoore@co.siskiyou.ca.us All questions must be received by 5 pm (Pacific Time) on April 22, 2020. However, the County reserves the right, at its discretion, to accept questions beyond that date, should unanticipated and significant issues arise. Immediate responses to questions are informal, and are not binding on the County.
- 1.9 If a Contractor discovers an ambiguity, discrepancy, conflict, omission or other error in the RFP, the Contractor shall immediately notify the County, via email to the addresses in Section 1.8, of such error and request modification or clarification of the RFP. Modifications will be made by issuing an addendum to the RFP.

2.0 – Scope of Services

- 2.1 The Contractor shall be required to perform audits and issue the required reports for the following:
 - 2.1.1 The County's annual financial statements, as well as the expression of an opinion on the combining and individual fund financial statements in relation to the financial statements taken as a whole. The funds included in the audit of the County's financial statements consist of the following:
 - a. General Fund
 - b. Special Revenue Funds
 - c. Debt Service Fund
 - d. Capital Projects Funds
 - e. Enterprise Funds
 - f. Internal Service Funds
 - g. Fiduciary Funds
 - h. General Fixed Asset Group
 - i. General Long Term Debt Group
- 2.2 In conjunction with the County's audit of the financial statements, the Contractor shall also perform a Single Audit and issue reports on the County's federal award programs in accordance with the audit requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

- 2.2.1 The Contractor shall complete the online Data Collection Form (Form) and transmit the completed Form electronically to the Federal Audit Clearinghouse.
- 2.2.2 The Contractor shall upload the Financial Statements and the Single Audit to the State Controller's Office by no later than February 15th.
- 2.3 Annually perform an agreed upon procedures engagement for the County's annual calculation of the Appropriations Limit as prescribed by Section 1.5 of Article XIII-B of the California Constitution (Proposition 4). This article requires that the annual calculation of the limit be tested as part of the annual financial audit.
- 2.4 To meet the requirements of this RFP, the audits shall be performed in accordance with the applicable standards, which include the following: generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- 2.5 In addition to the requirements above, the County also requires the preparation of a management letter for each audit, if applicable, in accordance with AU Section 380, *Communication with Audit Committees*, as amended.
- 2.6 At the County's option, a presentation of the County's financial statements, Schedule of Expenditures of Federal Awards (Single Audit) and Management Report to the Siskiyou County Board of Supervisors.
- 2.7 An electronic copy of the County's financial statements and Schedule of Expenditures of Federal Awards (Single Audit) will be provided by the Contractor. The electronic copies will meet the most current WCAG Accessibility Standards.

3.0 – Reports Required

- 3.1 Following the completion of the audit of the financial statements, the Contractor will issue:
 - 3.1.1 A report on the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
 - 3.1.2 Any other additional report required by the GASB.
- 3.2 As part of the Single Audit requirements, the following reports will be required:
 - 3.2.1 Independent auditor's report on 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*.
 - 3.2.2 Independent auditor's report on compliance for each major federal program; report on internal control over compliance; and report on the schedule of expenditures of federal awards required by the Uniform Guidance.
- 3.1.2 Any other additional report required by the Uniform Guidance.

3.3. Independent accountant's report on applying agreed upon procedures related to the County's annual calculation of the Appropriations Limit as prescribed by Section 1.5 of Article XIII-B of the California Constitution (Proposition 4). The agreed upon procedures to be performed will include the following:

3.3.1 Determine that the Annual Appropriations Limit was calculated as required by Section 1.5 of Article XIII-B of the California Constitution (Proposition 4).

4.0 – Other Requirements

4.1 The Contractor shall provide, at no additional compensation from the County, such additional report schedules, exhibits or other information to any completed and filed audit report as may be required by a cognizant agency, grantor or administrative agency upon review of the Single Audit report.

4.2 All working papers, spreadsheets and adjusting journals must be in the County's accounting hierarchy format. (Fund, Org, Account, Program, Activity Code)

4.3 All working papers and reports must be retained, at the Contractor's expense, for a minimum period of seven years, unless the Contractor is notified in writing by the County of the need to extend the retention period. The Contractor shall make working papers in requested format available, upon request, to the following parties or their designees during the retention period:

4.3.1 Siskiyou County Grand Jury

4.3.2 Auditor-Controller Office

4.3.3 U.S. Government Accountability Office (GAO)

4.3.4 Parties designated by federal or state agencies or by the County as part of an audit quality review process

4.3.5 Auditor of agencies of which the County is a sub-recipient of grant funds

4.4 The Contractor shall respond to the reasonable inquiries of the successor Contractor and allow the successor Contractor to review audit working papers in accordance with AU Section 315, as amended.

4.5 The Contractor shall be an independent Contractor and must be licensed to practice by the State of California as a CPA.

4.6 The Contractor shall have no conflict of interest with regard to any other work performed by the firm on behalf of the County.

4.7 During the term of the proposed agreement, the Auditor-Controller may request that the Contractor perform additional audits or special reviews, not identified above. These may be added to the scope of work set forth in this RFP, by written addendum to the resulting contract, and result in additional compensation. Any such additional work agreed to between the County and the Contractor shall be performed at the same rates as set forth in the schedule of fees included in the proposal. However, the Auditor-Controller reserves the right to contract such additional audits to a firm other than the one selected by this RFP.

4.8 The Contractor shall be required to attend all mutually scheduled meetings regarding the services to be performed under this RFP.

- 4.9 The Contractor shall be required to provide weekly, and as requested, status reports to the Auditor-Controller during the audit fieldwork period, summarizing the results and progress of the audit. Any significant audit findings and/or delays in obtaining information that require management attention or recommendations for immediate corrective action by departments, shall be communicated by the Contractor in the weekly status reports.
- 4.10 If conditions are discovered which lead to the belief that material errors, fraud, or abuse may have occurred, or if any other circumstances are encountered that require extended services, the contractor shall promptly advise the County Administrative Officer and the Auditor-Controller. No extended services shall be performed unless authorized in a contractual agreement or in an amendment to the agreement entered in to subsequent to this RFP.

5.0 – County Support and Assistance

- 5.1 Preliminary to, and throughout the engagement, the County proposes to make available support personnel to provide assistance for tasks such as identifying locations of required records and supporting information, providing client prepared supporting schedules, preparing confirmations and such other tasks that will serve to expedite the conduct of the audit as deemed reasonable and necessary by the County.
- 5.2 The Auditor-Controller will provide the Contractor with adjusted trial balances from the County's financial accounting system.
- 5.3 The Auditor-Controller, with cooperation from other County departments, will prepare and provide the Contractor a draft of the schedule of expenditures of federal awards in connection with the Single Audit.
- 5.4 The County will provide reasonable office space, desks, tables, chairs, and access to fax and copy machines while the Contractor is performing the services under this RFP.
- 5.5 The Auditor-Controller will coordinate with the Contractor to provide reasonable and necessary access to the County's financial accounting system while the Contractor is conducting fieldwork.

6.0 – Proposal Requirements

To be considered for award, the proposal submitted must specifically address all of the following items:

- 6.1 A cover letter, which shall be signed by an authorized employee or officer of the firm, which briefly summarizes the proposal. Additionally, the Contractor must state in the cover letter the Contractor's proposal shall be in accordance with all terms, conditions and requirements contained in this RFP, and that the proposal shall remain valid for a period of up to one hundred and twenty (120) days following the date of receipt of the proposal. The cover letter shall also provide the name, phone and fax numbers and email address for the primary contact during the RFP process. The cover letter should not exceed two (2) pages in length. The County reserves the right to make an award without further discussion of the proposal with the Contractor. Therefore, the proposal should be submitted initially on the most favorable terms that the Contractor might propose. As such, proposals that are signed:

- 6.1.1 For a partnership, shall be signed in the firm name by a partner or the Attorney-In-Fact. If signed by the Attorney-In-Fact, there shall be attached to the proposal a Power-of-Attorney evidencing authority to sign proposals, dated the same date as the proposal and executed by all partners of the firm.
- 6.1.2 For a corporation, shall have the correct corporate name thereon and the actual signature of the authorized officer of the corporation written (not typed) below the corporate name. The title of the office held by the person signing for the corporation shall appear below the signature of the officer.
- 6.1.3 By an individual doing business under a firm name, shall be signed in the name of the individual doing business under the proper firm name and style.
- 6.2 A comprehensive table of contents of material included in the proposal. This index must include a clear definition of the material and be identified by sequential page numbers.
- 6.3 A statement of whether the firm is local, national or international. Any general information about the firm should be limited to one page in this section of your firm's proposal.
- 6.4 The location of the office from which the majority of the work shall be completed, and the number of partners, directors, managers, supervisors, seniors and other professional staff employed at that office.
- 6.5 Identification of the personnel proposed to be assigned to work on the audit, including staff from other than the office indicated above. If they are planned for work on the audit, indicate the name and position (partner, supervisor, etc.), and the minimum percentage of time that each individual is expected to work on the audit. Resumes for each person expected to be assigned to the audit must be included. (Include resumes as an appendix.) This information should be updated annually prior to beginning field work.
- 6.6 Description of the firm's computer capability, including the background(s) of personnel skilled in use of accounting software proposed for the audits.
- 6.7 Provide references, including contact names and telephone numbers, and descriptions of recent local and regional office auditing experience similar to the type of services requested. Client officials responsible for the audits listed may be contacted for reference. Specifically include other county audits, and/or other local government audits.
- 6.8 Provide the names of the person(s) who shall be authorized to make representations on behalf of the Contractor, their title(s), address(es), and telephone numbers(s).
- 6.9 A statement regarding the education and training program provided to, or required of, the staff identified for participation in the audit, particularly with reference to governmental accounting and auditing, governmental practices and procedures, and governmental affairs.
- 6.10 If the Contractor is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium must be separately identified, and the firm that is proposed to serve as the principal should be noted.
- 6.11 Provide the results of the firm's most recent peer review. A copy of the peer review report must be attached as part of the proposal.

- 6.12 Clearly describe the scope of method of services proposed to be provided; including all requirements set forth in the Section 2.0 of this RFP, and the Contractor's audit.
- 6.13 State the classification of staff to be assigned to each engagement, as identified in Section 2.0, including each classifications rate per hour and the estimated hours to be incurred for each engagement by staff classification.
- 6.14 State the total all-inclusive maximum cost per fiscal year, and estimated total hours for which work outlined in Section 2.0 shall be provided for fiscal years ending June 30, 2020, 2021 and 2022, and optional extension 2023 and 2024.

The fee should be broken down as follows:
Annual financial statements
Single Audit requirements
GANN Appropriations Limit
- 6.15 Out-of-pocket expenses are to be included in the total all-inclusive maximum cost.
- 6.16 State the maximum percentage(s) by which the total not to exceed price above will increase over each of the additional years of the contract(s), should the contract(s) be extended.
- 6.17 Litigation Status - You are requested to furnish any information on the nature and magnitude of any litigation whereby, during the past two years, a court has ruled against your firm in any matter relating to the professional activities of your firm. In addition, you are asked to describe the nature, magnitude, and status of any litigation current or pending against your firm in any manner related to your professional activities.

7.0 – Submission of Proposals

- 7.1 Two original hard copy and an electronic copy of the proposal shall be received no later than the time and date indicated on the cover page of this RFP. Proposals must be submitted to the Auditor-Controller, 311 4th Street, Room 101, Yreka, California 96097. The electronic copy must be emailed, as an attachment, to the Auditor-Controller at: cmoore@co.siskiyou.ca.us This emailed package must meet the submission deadline on the cover page.
- 7.2 Late proposals shall not be accepted or considered; there shall be no mitigating circumstances. The County shall not be responsible for proposals delivered to a person or location other than that specified in this RFP.
- 7.3 All proposals shall be submitted in a sealed envelope or container, and clearly marked with the title "Siskiyou County Proposal for Annual Financial Statements". If emailed the subject line should be "Siskiyou County Proposal for Annual Financial Statements".
- 7.4 All proposals, whether selected or rejected, shall become the property of the County.
- 7.5 All costs associated with proposal preparation shall be borne by the Contractors.
- 7.6 In any request or decision involving a proposal mistake, correction or withdrawal, the Auditor-Controller will consult with County Counsel. Except as otherwise specified in Section 5100 of the Public Contract Code, correction or withdrawal of inadvertently

erroneous proposals before or after proposal opening may be permitted only if such correction or withdrawal is not prejudicial to the interest of the County or fair competition.

- 7.7 Mistakes in proposals detected prior to proposal opening may be corrected or withdrawn by the Contractor with a written request received by the Auditor-Controller prior to the date and time designated for opening of proposals. The written request must be signed by the same person who signed the original proposal, and shall be sealed, time-stamped and deposited in the same manner as the original proposal. Oral, faxed, or telegraphic corrections or withdrawals shall not be permitted.

8.0 – Selection Process

- 8.1 The Auditor-Controller will review all proposals received and make determinations relative to timeliness, signatures or other submission related issues of the proposal(s). A non-responsive submittal shall be eliminated from further consideration and cannot be recommended for award of a contract. Upon completion of the review, the Auditor-Controller and/or other qualified individuals will screen all responsive proposals.
- 8.2 A reasonable number of firms with the most highly qualified proposals may be invited for interviews and further consideration. The proposed project manager shall represent the firm during the interview process.
- 8.3 The Auditor-Controller will prepare evaluations based upon the weighted evaluation criteria contained in Section 9.0 of this RFP. The contract will be brought before the Board of Supervisors for approval.
- 8.4 The County reserves the right to award a contract to the firm that presents the proposal, which, in the sole judgment of the County, is determined to be the most advantageous offer based on cost and other criteria as indicated by the evaluation impact points below.

9.0 – Evaluation Criteria

- 9.1 Proposers will be evaluated using the following criteria:

Evaluation Criteria

Prior auditing experience, sub criteria are:

- a. County and local government audits
- b. Single Audit experience

Organization size, structure and resources of firm

Qualifications of staff to be assigned to audit. Education, position in the firm and years and type of experience will be considered. Qualifications will be based on resumes/ proposals submitted and interview(s), if applicable.

Project approach and plan of work to be performed. This shall be determined by the approach to the audit and the time estimates to perform each section as set forth in the proposal and interview (if any).

Sub criteria points are:

- a. Audit coverage and approach, for example, time allowed for field work, composition and qualifications of engagement team.
- b. Realistic time estimate for proposed audit

Cost Proposal, including maximum increase for subsequent years for maximum potential cost to County

10.0 – Proposal Review and Contract Award Timeline

Timeline for Proposal Review and Contract Award

April 9, 2020	RFP issued
April 22, 2020	Last day for RFP questions submitted to County
April 24, 2020	Final Addendum to answer questions (if required)
May 8, 2020	Proposals due to Siskiyou County Auditor-Controller
May 11, 2020	Initial RFP Evaluation Meeting
May 20- May 22, 2020	Interviews of top firms, if required
May 29, 2020	Final negotiations
June 16, 2020	Recommendation of award and contract to Board of Supervisors
July 1, 2020	Contract starts

11.0 – Billing of Fees

- 11.1 Compensation for the conduct of the work will be paid upon review and approval of progress payment invoices received from the Contractor by the Auditor-Controller. Invoices must be substantiated with detailed itemization related to the specific project being billed (as identified in Section 2.0 of the RFP), actual dates of the billing period, total hours expended by classification of staff multiplied by the hourly billing rates as set forth in Section 6.0.
- 11.2 Per fiscal year, one progress payment equivalent to fifty percent (50%) of the total work set forth in the Agreement, subject to terms of contract and Auditor-Controller approval. A second progress payment for an additional twenty-five percent (25%) of the total compensation upon submission of the final audit report to the Auditor-Controller. Final payment is due upon completion of all work for the year outlined in the Agreement, subject to terms of the contract and Auditor-Controller approval.

12.0 – Audit Schedule

- 12.1 The audit schedule will be determined by the Contractor and the Auditor-Controller. The County anticipates that adjusted trial balances for the Financial Statements for the fiscal year ending June 30, 2020 will be available by October 15, 2020.
- 12.2 The Contractor must provide annual entrance conferences, progress reporting and exit conferences. Scheduled meetings will be determined after the awarding of the contract.

Entrance Conferences:

12.2.1 Entrance conference with Auditor-Controller, and others, if requested

12.2.2 The purpose of entrance conferences shall be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for workspace and other needs of the Contractor.

13.0 – Reporting Deadlines

The timetable for the June 30, 2020 reports, and the specific number of copies of reports required, shall be as indicated below. An unbound copy of each report shall accompany the bound reports as indicated below. Subsequent years' timetables shall be developed pursuant to this general timetable. All reports shall be printed on 20 lb 8 ½" x 11" standard paper, or folded to match that size, and shall be securely bound in a professional manner.

<u>Deliverable</u>	<u># of Bound Reports</u>	<u>Due Date</u>
Auditor's Report on the Annual Financial Statements	5	February 15, 2021
Single Audit Report	5	February 15, 2021

14.0 – Other Information

14.1 The Contractor shall be required to execute the contract upon selection and awarding of the contract to the successful bidder and final negotiation of contract terms.

14.2 Minimum hold harmless, insurance and indemnification requirements for the proposed contract are included in the contract. The Contractor shall be required to maintain, and submit proof of, the levels of insurance indicated.

14.3 In order to assure that the designated project team is used for the project, departure or reassignment of, or substitution for, any member of the designated project team may be grounds for cancellation of the contract at the option of the County. The Contractor will notify the County immediately of any proposed departures, reassignments or substitutions.

14.4 Proposers warrant and covenant that no official or employee of the County, nor any business entity in which an official of the County has an interest, has been employed or retained to solicit or aid in the procuring of the resulting contract, nor that any such person will be employed in the performance of such contract without immediate divulgence of such fact to the County.

14.5 Inquiries regarding the RFP process or proposal submission shall be submitted initially via email to the following address:

cmoore@co.siskiyou.ca.us

If discussion is required, Auditor-Controller, Jennie Ebejer or Asst. Auditor-Controller, Annemarie Zediker will telephone to discuss or return email with contact instructions.

Within the time limits set in Section 10, substantial inquiries and answers will be included in official addenda.