



Request for Proposals

For Professional Audit Services

Submittal Deadline

March 16, 2026 at 4:00 p.m. Pacific Time

Issued By

George Gabriel, Deputy City Manager
City of Palos Verdes Estates
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Issue Date: February 24, 2026

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1 CITY OVERVIEW

The City of Palos Verdes Estates (City) was incorporated in 1939 and is the oldest of the four cities on the Palos Verdes Peninsula. The City's population is 12,999 within an area of 4.75 square miles. The City is a largely residential community with almost no commercial tax base and is dependent upon general property taxes and a special tax to finance police services. Palos Verdes Estates is a general law city with five City Council members elected at large. The position of Mayor rotates on an annual basis among the Council members. The City operates under a council-manager form of government and the City Council appoints the City Manager. The City Council also selects the City Attorney, who also reports to the Council.

City employees provide the following services: police protection; planning services, urban forestry, civil engineering and project management, clerical support, maintenance services, including City buildings, parkways, medians and streets; and general administrative services. The City contracts with Los Angeles County for fire protection and paramedic services. The City also contracts with a private firm for professional engineering support and building and safety services. The City maintains an exclusive franchise for residential refuse collection and provides recreation services (golf, tennis, swimming and stables) through concession agreements with facilities located on City-owned property. The City has 54.5 full-time employees.

The City's Adopted Fiscal Year 2025-2026 Operating and Capital Budget is \$26.3 million with estimated revenues of \$25.2 million for all funds. The City uses the following fund structure:

Number of Funds

| | |
|------------------------|----|
| General Fund | 1 |
| Special Revenue Funds | 13 |
| Capital Projects | 3 |
| Internal Service Funds | 1 |
| Custodial Funds | 2 |

The City does not currently maintain either a debt service or an enterprise fund. More financial information can be found on the City website: www.pvestates.org.

2 INTRODUCTION

2.1 General Information

The City is seeking proposals from qualified certified public accounting firms (Auditor) to conduct the annual independent audit of the City's financial statements for three (3) fiscal years beginning with the fiscal year ending June 30, 2026, with an option to extend the contract for two (2) years in one-year increments. These two optional engagement years will be done by separate engagement letter.

Audits are to be performed in accordance with generally accepted auditing standards for financial and compliance audits set forth in the U.S. General Accounting Office's (GAO) Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, the provisions of the Single Audit Act, U.S. Code of Federal Regulations (CFR) Title 2 Part 200, Audits of State and Local Governments and Governmental Accounting Standards Board (GASB) Pronouncements. The Audits are to be conducted for the purpose of expressing an opinion as to whether the City's financial statements present fairly, in all material respects, the financial position and the results of operations of the City in conformity with these generally accepted accounting principles.

The following terms and conditions apply to this RFP:

1. Any submission of proposals received after the date and time specified in this RFP will not be considered and will be returned unopened.
2. All material received relative to this RFP will become public information and be available for inspection. The City reserves the right to retain all proposals submitted, whether the proposal was selected or judged to be responsive.
3. Due care and diligence have been exercised in the preparation of this RFP, and all information contained herein is believed to be substantially correct; however, the responsibility for determining the full extent of the services rests solely with those submitting responses. Neither the City nor its representatives shall be responsible for any error or omission in any response, nor for the failure on the part of the respondents to determine the full extent of their exposures.
4. The RFP does not commit the City to award a contract. The City reserves the right to select a vendor from the responses received; to waive any or all informalities and/or irregularities; to re-advertise with either an identical or revised scope, to cancel any requirement in its entirety; or to reject any or all proposals received. The City also reserves the right to approve any subcontractors used by submitting vendors.

5. The City retains the right to contact any/all proposing vendors after submittal in order to obtain supplemental information and/or clarification in either oral or written form. Furthermore, an explicit provision of this RFP is that any oral communication made is not binding on the City's proposal process.
6. The City will not be liable for, nor pay for, any costs incurred by responding firms relating to the preparation of any proposal for this RFP.

2.2 Inquiries

Questions related to this RFP must be directed in writing at the address below or by email in care of Deputy City Manager George Gabriel at ggabriel@pvestates.org

Copies of the City's Request for Proposals and the proposed contract as attached in Attachment A, are to be used by all Auditors. Auditors may also request the RFP documents to be sent via email, in Adobe PDF format, by emailing a request to the City Clerk's Office (cityclerk@pvestates.org). Please include the company contact, email address, mailing address and phone number.

2.3 Submittal Date and Mailing Instructions

To be considered for selection, a proposal must be submitted to the City Clerk's Office email inbox, on or before 4:00 PM Pacific Time on Monday, March 16, 2026 addressed to the following email address: cityclerk@pvestates.org

Proposal shall be marked "City of Palos Verdes Estates Audit Services RFP." Proposals received after this deadline will be disqualified and returned, unopened, to the Proposer. Detailed submittal requirements are set forth in Section 5.2, below.

2.4 Incurred Costs

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing a response to this RFP. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt. Any language purporting to render the entire proposal confidential or proprietary will be ineffective and disregarded.

2.5 Equal Opportunity

The City requires all proposers to comply with equal opportunity policies. Palos Verdes Estates' programs, services, employment opportunities, and volunteer positions and contracts are open to all persons without regard to race, religion, color, national origin, sex, age, marital status, sexual orientation, handicap, or political affiliation.

3 SCOPE OF WORK

3.1 Annual Audit Related Required Services

The selected Auditor will be required to perform the following tasks:

1. Examine the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City and the City's financial records for each of the three fiscal years ending June 30, 2026 through June 30, 2028. The purpose of the examination is to obtain the Auditor's opinion on the fairness of the basic financial statements presented, and whether such statements comply with generally accepted accounting principles applied on a basis consistent with that of the preceding year. The examination shall be conducted in accordance with generally accepted auditing standards as set forth in *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act as amended, and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, and shall include such tests as sampling and other audit techniques as determined by the Auditor.
2. Following the completion of the audit of the City's basic financial statements and related records, the Auditor shall prepare:
 - a. Standard audit report(s). The audit reports for the City shall include a signed opinion, basic financial statements, including government-wide financial statements and fund financial statements, for all funds, accompanying notes to the basic financial statements, and supplementary information. If applicable, a report on compliance and on the internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards shall also be prepared.
 - b. If applicable, a report on compliance with requirements applicable to each major program and internal controls over compliance in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200. (Single Audit)
 - c. If applicable, a schedule of findings and questioned costs. (Single Audit)
 - d. If applicable, an "in-relation-to" report on the schedule of expenditures of federal awards. (Single Audit)

3. The City had received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for many years. It is the City's intention to continue to receive these awards annually and will expect the ACFR to meet the requirements of those programs. The Auditor will be expected to ensure the ACFR is in compliance with the certificate program checklists and requirements.
4. Present and discuss the annual basic financial statements, results of operations, and management letter contents at a meeting of the City's Audit Committee.
5. Upon request by City Staff and/or the Audit Committee, present and discuss the annual basic financial statements, results of operations, and management letter contents at a meeting of the City Council.
6. Prepare and submit a report to communication with those charged with governance, inclusive of the Management Letter, as required by auditing standards, at the conclusion of the annual audit. The report shall include all significant opportunities for realistically improving internal controls of the City's operations and procedures that are discovered or observed by the auditor in the course of the annual audit and management response to the recommendations.
7. Prepare and submit the Annual Report of Financial Transaction to the State Controller's Office.
8. Perform agreed-upon auditing procedures pertaining to the City's GANN Limit (Appropriations Limit) and render a report annually to the City regarding compliance.
9. Provide general consultation throughout the fiscal year as an information resource and provide guidance on financial reporting, the implementation of new GASB pronouncements, and regulations affecting local government accounting upon request by City Staff.
10. Provide up to 12 hours of in person technical training each fiscal year related to financial reporting, GASB Pronouncement implementation, and Federal and/or State grant program reporting and operation requirements to City Staff as requested. Training includes the provision of training materials and documentation.
11. Communicate in a letter to the City Manager any reportable conditions, as defined by professional auditing standards, found during the audit. Any irregularities or illegal acts that come to the Auditor's attention will be reported immediately to the City Manager.

12. Present a report to the Audit Committee. Auditors shall inform the City's Audit Committee of each of the following:
 - a. The auditor's responsibility under generally accepted auditing standards.
 - b. Significant accounting policies.
 - c. Management judgments and accounting estimates.
 - d. Significant audit adjustments.
 - e. Other information in documents containing audited financial statements.
 - f. Disagreements with management.
 - g. Major items discussed with management prior to retention.
 - h. Difficulties encountered in performing the audit.
 - i. Significant GASB Pronouncements pertinent to the City that are to be implemented in subsequent years.
13. Request and acquire access to any needed information pertinent to audits of previous year's financial statements. The most likely source for obtaining such information is City Staff and the City's independent financial auditor for the year(s) in question.
14. Upon request from City Staff, from time to time, provide special services or assistance which could be subject to a new contract or amendments to this contract entered into in accordance with all applicable City regulations. Any such additional work agreed to between the City and the Auditor shall be performed at the same rates set forth in the schedule of fees and expenses included in the Cost Proposal required per Section 5.
15. Retain all working papers and reports, at the Auditors' expense, for a minimum of seven (7) years, unless the Auditor is notified in writing by the City of the need to extend the retention period. In addition, the Auditor shall respond to reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

3.2 Additional Required Services

The City has granted concessions to three (3) semi-private clubs: the Palos Verdes Golf Club, the Palos Verdes Tennis Club, and the Palos Verdes Beach and Athletic Club. The members of these non-profit clubs pay initiation fees and monthly dues that finance the improvements of the clubs as well as routine operations. In addition, the City has granted a concession to a private party to operate the Palos Verdes Stable, which is open to the public.

In return for the grant of concession, the City receives concession fees from the clubs and the Stable operator. The Golf Club, Tennis Club and Beach and Athletic Club are successful, with waiting lists for membership, quality facilities, and annual concession fees to the City of about \$1,607,495, \$217,029, and \$278,000 respectively. The Stable is undergoing significant improvements and is not currently paying concession fees to the City.

The City's concession agreements with the Beach and Athletic Club, Tennis Club and Stable require that they be audited by the City's contract audit firm. The Golf Club prepares annual audit reports through a separate, independent contract.

The Club/Concession assets are the property of the City, although they are used almost entirely by the members. The City receives auditable fixed asset records from all three clubs and the Stable at each fiscal year end in order to record the correct asset values.

Copies of the most recent audited financial statements of the Palos Verdes Tennis Club, Palos Verdes Beach and Athletic Club and the Stable are included in Attachment C.

The audit for the three (3) facilities (Beach, Tennis and Stable) should be bid separately. Proposers shall indicate the cost for each audit by submitting a separate cost proposal (Attachment B.2) for each facility, as well as a proposed total all-inclusive maximum price for each audit. This cost proposal should be included in the same envelope as the sealed cost proposal for the City audit, but should be clearly marked "Audit of City Concessions."

3.3 Auditing Standards

To meet the requirements of this RFP, the audits shall be performed in accordance with all applicable and generally accepted auditing standards including:

1. The standards set forth by the Government Accounting Standards Board (GASB).
2. The Generally Accepted Government Auditing Standards issued by the Comptroller General of the U.S. Government Accountability Office (GAO).
3. Generally accepted auditing standards set forth by the American Institute of Certified Public Accountants.
4. The provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Single Audit Act.

3.4 Working Paper Retention

All working papers and reports must be retained at the Auditor's expense for a minimum of seven (7) years following completion of the audits, 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 Auditor shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

3.5 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 Finance Director.

4 INSURANCE AND INDEMNIFICATION REQUIREMENTS

Prior to the beginning of and throughout the duration of the work, Auditor shall maintain insurance in conformance with the requirements set forth below. Any insurance proceeds available to City in excess of the limits and coverages required in this RFP and which is applicable to a given loss, will be available to City.

4.1 Insurance and Legal

Detailed insurance requirements are contained in Attachment C {a draft copy of the City's Professional Services Agreement (Agreement)}. The Auditor shall maintain the minimum insurance requirements during the entire time of the engagement. To confirm this requirement, within 15 days from the execution of the Agreement, the Auditor shall furnish the City satisfactory evidence of insurance coverage, including a provision that each carrier is required to give at least 30 days prior written notice of the cancellation of such coverage. The City shall be named additional insured under the Auditor's policies as noted in the Agreement.

4.2 Indemnification

The chosen Auditor shall agree to indemnify, hold harmless and defend City, its City Council and elective and appointive boards and each member thereof, and each of City's officers, officials volunteers, employees and agents who are providing service to City, from and against any and all liability or financial loss of any kind resulting from any loss, injury, death, damage, claim, lawsuit cost, expense, attorney's fees, litigation costs, defense costs, court costs or any other cost arising out of or in any way resulting directly or indirectly from the performance of the Services or any other performance obligation of Auditor under the Agreement (a "Liability"). This hold-harmless provision shall apply to any Liability deemed or alleged to be due in whole or in part to any action or omission of City, except for a Liability arising from or attributed to the City's active negligence or willful misconduct.

The obligations of Auditor shall not be limited by provisions of any worker's compensation act or similar act. Auditor expressly waives its statutory immunity under such statutes or laws as to City, its officers, officials, volunteers, employees and agents.

The City does not, and shall not, waive any rights against Auditor which it may have by reason of the aforesaid hold-harmless provisions because of the acceptance by City, or the deposit with City by Auditor, of any of the insurance policies described in this RFP. The hold-harmless provisions shall apply to all Liability of every kind suffered, or alleged to have been suffered, by reason of the performance of Auditor under the Agreement, or the performance of any subcontractor of Auditor under the Agreement, regardless of whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.

Should the Auditor's insurance consist of claims made coverage, the Auditor shall be required to furnish evidence that said policy will continue to be in effect and enforceable for two (2) years after the effective termination date of the contract award. If Auditor changes insurance carriers after the termination date of the Agreement, Auditor shall be required to provide the City with evidence of policy tail coverage for the two (2) year period after the Agreement termination date. In addition the Auditor shall be required to notify the City immediately in writing should their coverage amount fall below the one million (\$1,000,000) levels during the contract and/or tail coverage period.

4.3 Legality

If any provisions of any resulting Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The Agreement shall be governed according to the laws of the State of California.

4.4 Independent Contractor

The Auditor, in performing the services herein specified, shall act as an independent contractor and shall have control of its work and the manner in which it is performed. It shall be free to contract for similar services to be performed for other employers while it is under contract with the City. Auditor shall not be considered an agent or employee of the City and is not entitled to participate in any pension, medical or dental plan, or any other benefits provided by the City to its employees.

5 RFP SUBMISSION REQUIREMENTS

All responses to this RFP must be made in accordance with the specifications set herein.

5.1 General Requirements

The following is a tentative timeline for solicitation, evaluation, and award of this RFP. The City retains the right to change this timeline.

Any and all questions and inquiries regarding this RFP should be directed in writing to George Gabriel, Deputy City Manager by 5 pm Pacific Time on **March 6, 2026**. Questions may be submitted by email to: ggabriel@pvestates.org.

The proposed schedule for this RFP is provided below (all times are Pacific Time). If the City finds it necessary to alter these dates, Proposers will be notified in writing.

| ACTION | DATES |
|--|-----------------------------|
| Issuance of RFP | February 24, 2026 |
| Deadline for receipt of questions | March 6, 2026 at 5:00 p.m. |
| Deadline for receipt of Proposals | March 16, 2026 at 4:00 p.m. |
| Evaluation of Proposals | March 30 – April 10, 2026 |
| Interviews and Rankings (if necessary) | April 13 – 17, 2026 |
| City Council Consideration of Contract Award | May 12, 2026 |
| Commence work | July 1, 2026 |

It is the City's intent to post any changes to this RFP to the City's website (www.pvestates.org) and organizations requesting the RFP will be notified by the City. While the City shall make reasonable efforts to do so, failure to post such changes shall not invalidate this RFP process.

5.2 Instructions

Submittal packages shall include the following:

- One (1) original digital version of the Auditor's proposal in PDF format.
- One (1) digital version of the Auditor's Cost Proposal in PDF format.

Proposals shall be submitted in accordance with Section 2.3 hereof.

5.3 Technical Proposal

The purpose of the Technical Proposal is to 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 RFP. As such, the substance of proposals will carry more weight than the form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the Auditor and of the Auditor's staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

The Technical Proposal should address all points outlined in this RFP, excluding any cost information that should only be included in the Sealed Dollar Cost Bid. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of this RFP. While additional data may be presented, the following subjects must be included. They represent the criteria against which the proposal will be evaluated.

The Technical Proposal shall consist of the following documents and responses in the order given below:

- A. **Title Page.** 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.
- B. **Letter of introduction.** The letter shall be signed by an individual with authority to bind the bidder to all commitments made in the proposal. The letter should include a description of corporate structure, number of employees, office location(s), year established, annual dollar volume of business and type(s) of services provided and other pertinent information as determined by the proposer.
- C. **Table of Contents:** The Auditor shall include a Table of Contents of its proposal. Cross-referencing to section and page number in the RFP would be helpful.
- D. **Transmittal Letter.** Signed Transmittal Letter briefly stating the Proposer's understanding of the work to be done; the commitment to perform the work within the time period; a statement why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for fiscal years 2025-2026 through 2027-2028, and the letter is signed by the person(s) authorized to represent the audit firm.
- E. **Executive Summary:** The proposer shall submit an Executive Summary that reviews the strengths of the proposal and its key features to meet the requirements of this RFP.
- F. **Background and Methodology:** The Auditor should demonstrate a clear understanding of the needs of the City of Palos Verdes Estates and the objectives of the work proposed. The Auditor should describe the methodology(ies) that would be pursued in meeting the City's needs.

G. Transition Period (applicable to proposers other than the current service provider):

The Auditor shall describe the steps to be taken during the transition period from the existing provider to the selected Auditor (if a new provider is selected) from the award of the contract to the start date of service (July 1). Please include an explanation of records transfer and management, technology implemented, public relations and noticing, local of office space, staff transitions, etc.

The City envisions a process whereby the current provider would be given a minimum of thirty (30) days' notice of termination if it is not selected. Depending on the circumstances, it may be likely that the current provider's obligation to provide services may extend beyond the start of the new contract. Final details of the transition period are subject to approval by the City and may be modified by negotiation and mutual consent following approval of a contract.

Additionally, the Auditor should provide examples where the Auditor has made a similar transition from another contract provider and the methods that the Auditor utilized in achieving this transition.

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

I. Independence. The Auditor 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.

The Auditor should also provide an affirmative statement that it is independent of all the component units/agencies/concessionaires of the City as defined by those standards.

The Auditor should also list and describe the Auditor's professional relationship involving the City or any of its component units/agencies/concessionaires, for the past five (5) years, together with a statement explaining why such relationship does not constitute a conflict of interest relative to performing the proposed audit.

J. Auditor Qualifications and Experience. To qualify, the Auditor must have extensive experience in governmental audits of cities in the State of California, as well as experience with preparation of the Annual Comprehensive Financial Report. The Proposer should state the size of the Auditor, the size of the Auditor'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 Proposer is also required to submit a copy of a report on its most recent external quality control review (peer review), with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards). The Proposer shall also provide information on the results of any Federal or State desk reviews or field reviews of its audits during the past three (3) years. In addition, the Proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the Auditor during the past three (3) years with State regulatory bodies or professional organizations

- K. Partner, Supervisory and Staff Qualifications and Experience.** Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to this engagement. Provide resumes indicating whether each such person is registered or licensed to practice as a certified public accountant in California. Also, 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. 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.

Principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists may be changed during the agreement, however, the City reserves the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the Proposer if replacements have substantially the same or better qualifications or experience. The City desires the use of more senior level staff engaged on our audits

- L. Similar Engagements with Other Government Entities.** For the Auditor's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last five (5) years that are like the engagement described in this request for proposals. These engagements should be ranked based on total staff hours. Indicate the scope of work, date, engagement partners, total hours, reports issued and the name and telephone number of the principal client contact.

Please provide a list of at least five client references for which services like 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 the listed references regarding the audit services performed by the auditor.

- M. **Lost Clients and Pending Litigation.** List any public agencies for which contracts were not renewed due to causes other than not being the successful proposer in an RFP process during the past five (5) years, and provide the names of the organization, services provided, and the name of the contact person and his or her contact information. Include an explanation and status if the Auditor or a principal of the Auditor has been involved in any litigation, legal proceedings or investigation by a regulatory authority within the past five (5) years.
- N. **Special 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.

Proposers 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 computer programs 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.
- O. **Identification of Anticipated Potential Audit Problems.** The proposal should identify and describe any anticipated potential audit problems, the Auditor's approach to resolving these problems and any special assistance that will be requested from the City.

No dollar amounts should be included in the Technical proposal.

5.4 Cost Proposal

- A. **Total All-inclusive Maximum Price.** The cost proposal should contain all pricing information relative to performing the audit engagement as described in the Request for Proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

A separate cost proposal must be completed for the City's Single Audit, if required.

The cost proposal should be submitted in the format provided in Attachment A, "Audit Work Cost Proposal Form", Attachment B, "Cost Proposal and Certification for Professional Auditing Services Proposal."

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.

- B. Rates by Partner, Specialist, Supervisory, and staff level X hours anticipated for each (rates x hours =).
- C. Out-of-Pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates. All estimated out-of-pocket expenses to be reimbursed should be presented in the dollar cost bid.
- D. Manner of Payment.** Progress payment will be made based on hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Interim billings shall cover a period of not less than a calendar month. The final ten percent (10%) of the Total All-Inclusive Maximum Price will be paid upon delivery of the firm's final reports.

6 RFP SELECTION CRITEREA AND REVIEW PROCESS

The City shall select the firm(s) that are qualified to meet the City's needs. Proposals received by the submission date will be evaluated and weighed according to the City's criteria and priorities.

6.1 Selection Criteria

The criteria will include, but is not limited to, the following:

A. Scope of Work

- Understanding of project and purpose
- Responsiveness to RFP, including approach and methodology proposed\Appropriate level of detail in proposal
- Relevance of add/delete to scope of work
- Familiarity with problems associated with project
- Proposed fee relative to the services to be provided

B. Technical Competence

- Technical/specialized qualifications of team
- Experience of key personnel with similar projects
- Depth of technical expertise in firm
- Provisions for technical and quality review
- Familiarity with the City's structure and business

C. Past Performance

- Technical quality of prior projects
- Demonstrated ability to meet schedules
- Cost control
- Performance on City or other agency projects

D. Organization and Schedule

- The audit firm is independent and licensed to practice in California
- The firm has no conflict of interest with regard to any other work performed by the firm for the City of Palos Verdes Estates
- Commitment of key personnel
- Financial capability and resources of firm
- Flexibility to changes in scopes and schedules
- Inclusion of affirmative action statement

E. Cost

6.2 Evaluation Process

Proposals submitted will be evaluated by the City's Deputy City Manager. During the evaluation process, the City of Palos Verdes Estates reserves the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions.

At the discretion of the City of Palos Verdes Estates, one or more proposers may be invited, at no cost to the City, to be interviewed and make oral presentations as part of the evaluation process. If interviews are required, they will be scheduled for the week of April 13, 2026 (time to be determined). Representatives of the audit firm who must attend, in addition to any partner, shall include the audit manager and senior member who will be on-site and interface with City staff. The City will provide at least one week advance notice of the date and time for the presentations.

6.3 Clarifications and Right to Reject Proposals

The City of Palos Verdes Estates reserves the right to seek clarification of each proposal submitted. The City also reserves the right to require other evidence of technical, managerial, financial, or other abilities prior to selection.

Right to Reject Proposals

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

The City reserves the right without prejudice to reject any or all proposals. The City reserves the right to reject the proposal of any proposer who previously failed to perform properly, or complete on time, agreements of a similar nature, or to reject the proposal of a proposer who is not in a position to perform such an agreement satisfactorily.

The City also reserves the right to waive any informality or technical defect in a proposal and to accept or reject, in whole or in part, any or all proposals and to advertise for new proposals, as best serves the interest of the City. An explicit provision of the RFP is that any oral communication is not binding on the City's proposal process or a word of the contract.

Finally, the City reserves the right to make such investigations as it deems necessary to determine the ability of the proposer to perform the work and the proposer shall furnish to the City all such information and data for this purpose as the City may request. The City reserves the right to reject any proposal if the evidence submitted by, or investigation of such proposer, fails to satisfy the City that such proposer is properly qualified to carry out the obligations of the contract and to complete the work contemplated therein.

7 ATTACHMENTS

Attachment A: Cost Proposal Format

Attachment B: Cost Proposal and Certification for Professional Auditing
Services Proposal

Attachment C: Sample Professional Services Agreement