



**TOWN OF APPLE VALLEY**  
14955 Dale Evans Parkway.  
APPLE VALLEY, CALIFORNIA 92307

## **REQUEST FOR PROPOSALS**

### **Professional Auditing Services**

**For Fiscal Year Ending 2019, 2020 and 2021  
(with option for Fiscal Years Ending 2022 and 2023)**

**Release Date: July 1, 2019**

**Submittals Due: July 22, 2019 at 5:30 p.m.**

## INTRODUCTION

The Town of Apple Valley (Town) is requesting proposals from qualified certified public accounting firms to audit its financial statements for the three (3) fiscal years beginning with the fiscal year ending June 30, 2019, with the option of auditing its financial statements for each of two (2) subsequent years as further discussed below. These audits are to be performed in accordance with generally accepted auditing standards, Governmental Auditing Standards issued by the Comptroller General of the United States, and U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. Additional information is found in the Scope of Services (Attachment B).

## BACKGROUND

The Town of Apple Valley, California, which was founded in November 1988, has a population of 74,316 living within an area of 78 square miles. The Town's fiscal year begins on July 1 and ends on June 30.

The Town provides the following services to its residents: Police Protection, Animal Control, Street Maintenance, Refuse, Sewer, Recreation, Community Planning, and Economic Development. The Town operates the Mojave Desert and Mountain Integrated Waste Management Authority under the "Joint Exercise of Powers Agreements" between Town of Apple Valley and Victor Valley Materials Recovery Facility and the Town of Apple Valley's Finance Department maintains the accounting records for it. The Town also has chosen to be the Successor Agency of the former Apple Valley Redevelopment Agency. The Town also has a 501(c) corporation, Apple Valley Community Resource Foundation, to account for donations received from individuals.

The Town of Apple Valley is organized into thirteen departments and seven agencies. The accounting and financial reporting functions of the Town of Apple Valley are centralized.

The Town of Apple Valley is a General Law Town with a Council-Manager form of government. Citizens elect five Councilmembers to alternating four-year terms with one selected to serve as Mayor. The Town Manager, appointed by the Town Council, is the Chief Executive and is empowered to and directs departments within the Town to ensure implementation of policies set forth by the Town Council.

The total municipal budget for the 2018-19 fiscal year (including capital improvements) is approximately \$88.5 million and by fund/fund type as follows:

Fund Name/Type	Budget
General Fund	\$ 31,526,891
Special Revenue Funds	13,980,310
Debt Service	1,366,335
Capital Projects	3,333,426
Enterprise Funds	34,564,458
Successor Agency – RDA	3,700,383
<b>Total</b>	<b>\$ 88,471,803</b>

The Town’s total budgeted payroll for the year ending June 30, 2019 is approximately \$9.3 million covering 101 full-time equivalent positions. The accounting and financial reporting functions of the Town are centralized in the Finance Department and includes additional activities such as accounts payable, payroll, utility and general billing, receivables, business licenses and transient occupancy tax collection. Additional functions throughout the Town including Planning, Building, Engineering, Police and Animal Control. The Town uses Tyler Technology’s Eden financial software program for its general ledger, budget, accounts payable, payroll, accounts receivable, fixed asset, and various other functions.

For further information, Town CAFR’s and Budget are located on the Town’s website at:

<https://www.applevalley.org>

### PROJECT SCHEDULE

The estimate project schedule is listed below and is subject to change:

RFP Issued	July 1, 2019
Questions Due	July 15, 2019
Responses to Questions Provided By	July 19, 2019
Submittals Due	July 22, 2019 at 5:30 pm
Staff Review	July 23, 2019 to July 25, 2019
Interim Fieldwork (including kick-off meeting)	August 2019
Year-End Fieldwork	October 2019

### RESPONSE SUBMITTAL

Interested firms shall submit a copy of the proposal via U.S. Mail, which must be received by the Town **no later than July 22, 2019 at 5:30 pm**. Late submittals will not be accepted. Additionally, “Town of Apple Valley Professional Auditing Services RFP” must be clearly marked on the outside of the envelope and submitted to:

Town of Apple Valley  
Attn: Sydnie Harris, Director of Finance  
14955 Dale Evans Parkway  
Apple Valley, CA 92307

Any requests for clarification or other questions concerning this RFP must be submitted via email to Sydnie Harris ([sharris@applevalley.org](mailto:sharris@applevalley.org)) no later than Monday, July 15, 2019. Responses to all questions will be provided to all known interested parties no later than Friday, July 19, 2019.

## **GENERAL REQUIREMENTS**

The Town reserves the right to reject any or all responses, to waive any informality in any responses, and to select the vendor that best meets the Town's needs. Responses will be reviewed and rated as set forth in the Selection Process section of this RFP. The Town will then determine which firm best meets the Town's requirements.

The Town's standard Professional Services Agreement is included as Attachment A. Upon award of the contract, it is expected that the successful firm will accept the Agreement terms and conditions "as is" without modification. Any contract modifications are to be stated upfront, at the time of submittal. Additionally, at the time the contract is awarded, the firm must be able to provide all required insurance documentation to the Town. The firm also is required to obtain a Town Business License and prior to any payments for services the firm must provide a W-9. The Town reserves the right to alter Attachment A in any manner and at the Town's exclusive discretion prior to Attachment A being fully executed.

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

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

## **SUBMITTAL REQUIREMENTS**

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

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

Company Background – Firms must provide the size of the firm, the size of the firm's governmental audit staff, and the location of the office from which the work on this engagement will be performed.

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

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

*Audit Approach* – The proposal should set forth a detailed work plan, including an explanation of the audit methodology for providing the services required in this Request for Proposal (RFP). Include a proposed timeline for the fiscal year 2018-19 audit with interim and year-end fieldwork consistent with the project schedule stated above.

*References* – For the firm’s office that will be assigned responsibility for the audit, provide a list of the most significant engagements performed in the last three (3) years that are similar to the engagement described in this RFP. Indicate the scope of work, dates, engagement partners, total hours and contact information for the client.

*Cost Summary* – It is the Town’s normal practice to solicit proposals for audit services no less than once every five years, subject to annual review. The Cost Summary should contain, itemized pricing for each of the five potential fiscal years. The total maximum annual price should contain all direct and indirect costs, including out-of-pocket expenses. Please use the Cost Summary matrix (Attachment C) to submit pricing.

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

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

## **SELECTION PROCESS**

Staff will review the proposals and make recommendation to the Finance Committee. The Finance Committee will recommend forwarding the selected firm to the Town Council for approval (tentatively scheduled for July 9, 2019). The Town intends to evaluate the proposals based upon the data presented in response to the RFP. The following general selection criteria will be used to evaluate each proposal:

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

**ATTACHMENT A**  
**TOWN OF APPLE VALLEY**  
**PROFESSIONAL SERVICES AGREEMENT**

**1. PARTIES AND DATE.**

This Agreement is made and entered into this **\*\*\*INSERT DAY\*\*\*** day of **July, 2019** by and between the Town of Apple Valley, a municipal corporation organized under the laws of the State of California with its principal place of business at 14955 Dale Evans Parkway, Apple Valley, California 92307 (“Town”) and **\*\*\*INSERT NAME\*\*\***, a **\*\*\*[INSERT TYPE OF ENTITY - CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP OR OTHER LEGAL ENTITY]\*\*\*** with its principal place of business at **\*\*\*INSERT ADDRESS\*\*\*** (“Consultant”). Town and Consultant are sometimes individually referred to as “Party” and collectively as “Parties.”

**2. RECITALS.**

**2.1 Consultant.**

Consultant desires to perform and assume responsibility for the provision of certain professional services required by the Town on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing qualified certified public accounting services to public clients, is licensed in the State of California, and is familiar with the plans of Town

**2.2 Project.**

Town desires to engage Consultant to render such services for the to perform financial auditing services for fiscal years 2018-19, 2019-20 and 2020-21 with the option to audit 2021-2022, 2022-2023; and project (“Project”) as set forth in this Agreement.

**3. TERMS.**

**3.1 Scope of Services and Term.**

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the Town all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional certified public accounting services consulting services necessary for the Project (“Services”). The Services are more particularly described in Attachment “B” attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules, and regulations.

3.1.2 Term. The term of this Agreement shall be from **\*\*\*INSERT START DATE\*\*\*** to December 31, 2023 unless earlier terminated as provided herein. Consultant shall complete the Services within

the term of this Agreement and shall meet any other established schedules and deadlines. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary, to complete the Services.

### **3.2 Responsibilities of Consultant.**

3.2.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. Town retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of Town and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, Town shall respond to Consultant's submittals in a timely manner. Upon request of Town, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of Town.

3.2.4 Substitution of Key Personnel. Consultant has represented to Town that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of Town. In the event that Town and Consultant cannot agree as to the substitution of key personnel, Town shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the Town, or who are determined by the Town to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the Town. The key personnel for performance of this Agreement are as follows: **\*\*\*INSERT NAMES\*\*\***.

3.2.5 Town's Representative. The Town hereby designates Douglas B. Robertson, or his designee, to act as its representative for the performance of this Agreement ("Town's Representative"). Town's Representative shall have the power to act on behalf of the Town for all purposes under this Contract. Consultant shall not accept direction or orders from any person other than the Town's Representative or his or her designee.

3.2.6 Consultant's Representative. Consultant hereby designates **\*\*\*INSERT NAME OR TITLE\*\*\***, or his or her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with Town staff in the performance of Services and shall be available to Town's staff, consultants and other staff at all reasonable times.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including a Town Business License, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the Town, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the Town to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the Town, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.9 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If the Consultant performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the Town, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold Town, its officials, directors, officers, employees, and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.9.1 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.2.9.2 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.2.10 Insurance.

3.2.10.1 Time for Compliance. Consultant shall not commence Work under this Agreement until it has provided evidence satisfactory to the Town that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the Town that the subconsultant has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the Town to terminate this Agreement for cause.



3.2.10.2 Minimum Requirements. Consultant shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Consultant, its agents, representatives, employees or subconsultants. Consultant shall also require all of its subconsultants to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(A) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

(B) Minimum Limits of Insurance. Consultant shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used including, but not limited to, form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

3.2.10.3 Professional Liability. Consultant shall procure and maintain, and require its sub-consultants to procure and maintain, for a period of five (5) years following completion of the Project, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than **\*\*\*CONTACT RISK MANAGEMENT TO CONFIRM REQUIREMENTS\*\*\*** per claim and shall be endorsed to include contractual liability.

3.2.10.4 Insurance Endorsements. The insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms supplied or approved by the Town to add the following provisions to the insurance policies:

(A) General Liability. The general liability policy shall be endorsed to state that: (1) the Town, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to the Work or operations performed by or on behalf of the Consultant, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the Town, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Town, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) the Town, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible; and (2) the insurance coverage shall be primary insurance as respects the Town, its directors, officials, officers, employees, agents, and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the Town, its directors, officials,

officers, employees, agents, and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way.

(C) Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the Town, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Town; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the Town, its directors, officials, officers, employees, agents, and volunteers.

3.2.10.5 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the Town, its directors, officials, officers, employees, agents, and volunteers.

3.2.10.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Town. Consultant shall guarantee that, at the option of the Town, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Town, its directors, officials, officers, employees, agents, and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims, and administrative and defense expenses.

3.2.10.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:VIII, licensed to do business in California, and satisfactory to the Town.

3.2.10.8 Verification of Coverage. Consultant shall furnish Town with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to the Town. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf and shall be on forms provided by the Town if requested. All certificates and endorsements must be received and approved by the Town before work commences. The Town reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.2.10.9 Reporting of Claims. Consultant shall report to the Town, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and lifesaving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are

necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.2.12 Accounting Records. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of Town during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

### **3.3 Fees and Payments.**

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Attachment "C" attached hereto and incorporated herein by reference. The total compensation shall not exceed [\*\*\*INSERT WRITTEN DOLLAR AMOUNT\*\*\*] (\$[\*\*\*INSERT NUMERICAL DOLLAR AMOUNT\*\*\*]) without written approval of Town's [\*\*\*INSERT TITLE\*\*\*]. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to Town a monthly itemized statement which indicates work completed and hours of Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. Town shall, within 45 days of receiving such statement, review the statement and pay all approved charges thereon.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by Town.

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

3.3.5 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 1600, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and since the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Town shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request and shall post copies at the Consultant's principal place of business and at the project site. Consultant shall defend, indemnify and hold the Town, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

### **3.4 Termination of Agreement.**

3.4.1 Grounds for Termination. Town may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those Services which have been adequately rendered to Town, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.4.2 Effect of Termination. If this Agreement is terminated as provided herein, Town may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.4.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, Town may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

### **3.5 Ownership of Materials and Confidentiality.**

3.5.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for Town to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). All Documents & Data shall be and remain the property of Town and shall not be used in whole or in substantial part by Consultant on other projects without the Town's express written permission. Within thirty (30) days following the completion, suspension, abandonment or termination of this Agreement, Consultant shall provide to Town reproducible copies of all Documents & Data, in a form and amount required by Town. Town reserves the right to select the method of document reproduction and to establish where the reproduction will be accomplished. The reproduction expense shall be borne by Town at the actual cost of duplication. In the event of a dispute regarding the amount of compensation to which the Consultant is entitled under the termination provisions of this Agreement, Consultant shall provide all Documents & Data to Town upon payment of the undisputed amount. Consultant shall have no right to retain or fail to provide to Town any such documents pending resolution of the dispute. In addition, Consultant shall retain copies of all Documents & Data on file for a minimum of fifteen (15) years following completion of the Project and shall make copies available to Town upon the payment of actual reasonable duplication costs. Before destroying the Documents & Data following this retention period, Consultant shall make a reasonable effort to notify Town and provide Town with the opportunity to obtain the documents.

3.5.2 Subconsultants. Consultant shall require all subconsultants to agree in writing that Town is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or its subconsultants, or those provided to Consultant by the Town.

3.5.3 Right to Use. Town shall not be limited in any way in its use or reuse of the Documents and Data or any part of them at any time for purposes of this Project or another project, provided that any such use not within the purposes intended by this Agreement or on a project other than this Project without employing the services of Consultant shall be at Town's sole risk. If Town uses or reuses the Documents & Data on any project

other than this Project, it shall remove the Consultant's seal from the Documents & Data and indemnify and hold harmless Consultant and its officers, directors, agents and employees from claims arising out of the negligent use or re-use of the Documents & Data on such other project. Consultant shall be responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to the Town upon completion, suspension, abandonment or termination. Consultant shall not be responsible or liable for any revisions to the Documents & Data made by any party other than Consultant, a party for whom the Consultant is legally responsible or liable, or anyone approved by the Consultant.

3.5.4 Indemnification. Consultant shall defend, indemnify and hold the Town, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use on the Project by Town of the Documents & Data, including any method, process, product, or concept specified or depicted.

3.5.5 Confidentiality. All Documents & Data, either created by or provided to Consultant in connection with the performance of this Agreement, shall be held confidential by Consultant. All Documents & Data shall not, without the prior written consent of Town, be used or reproduced by Consultant for any purposes other than the performance of the Services. Consultant shall not disclose, cause or facilitate the disclosure of the Documents & Data to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant that is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use Town's name or insignia, photographs of the Project, or any public Town pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of Town.

### 3.6 General Provisions.

3.6.1 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

**Consultant:**

\*\*\*INSERT NAME, ADDRESS & CONTACT PERSON\*\*\*

**Town:**

Town of Apple Valley  
14955 Dale Evans Parkway  
Apple Valley, California 92307  
Sydnie Harris, Finance

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable

address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

### 3.6.2 Indemnification.

3.6.2.1 Scope of Indemnity. To the fullest extent permitted by law, Consultant shall defend, indemnify and hold the Town, its directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all consequential damages, expert witness fees and attorney's fees and other related costs and expenses. Notwithstanding the foregoing, to the extent Consultant's Services are subject to Civil Code Section 2782.8, the above indemnity shall be limited, to the extent required by Civil Code Section 2782.8, to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant.

3.6.2.2 Additional Indemnity Obligations. Consultant shall defend, with Counsel of Town's choosing and at Consultant's own cost, expense and risk, any and all claims, suits, actions or other proceedings of every kind covered by Section 3.6.2.1 that may be brought or instituted against Town or its directors, officials, officers, employees, volunteers and agents. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against Town or its directors, officials, officers, employees, volunteers and agents as part of any such claim, suit, action or other proceeding. Consultant shall also reimburse Town for the cost of any settlement paid by Town or its directors, officials, officers, employees, agents or volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for Town's attorney's fees and costs, including expert witness fees. Consultant shall reimburse Town and its directors, officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant's obligation to indemnify shall survive expiration or termination of this Agreement, and shall not be restricted to insurance proceeds, if any, received by the Town, its directors, officials' officers, employees, agents, or volunteers.

3.6.3 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Bernardino County.

3.6.4 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.6.5 Town's Right to Employ Other Consultants. Town reserves right to employ other consultants in connection with this Project.

3.6.6 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

3.6.7 Assignment or Transfer. Consultant shall not assign, hypothecate or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the Town. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.6.8 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its

fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not workdays. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to Town include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Agreement.

3.6.9 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.6.10 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

3.6.11 No Third-Party Beneficiaries. There are no intended third-party beneficiaries of any right or obligation assumed by the Parties.

3.6.12 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.6.13 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subconsultants to file, a Statement of Economic Interest with the Town's Filing Officer as required under state law in the performance of the Services. For breach or violation of this warranty, Town shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of Town, during the term of his or her service with Town, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.6.14 Cooperation; Further Acts. The Parties shall fully cooperate with one another and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.6.15 Attorney's Fees. If either Party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

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

3.6.17 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.6.18 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

**[SIGNATURES ON NEXT PAGE]**



**SIGNATURE PAGE**  
**TO**  
**TOWN OF APPLE VALLEY**  
**PROFESSIONAL SERVICES AGREEMENT**

**TOWN OF APPLE VALLEY**

**\*\*\*INSERT NAME OF CONSULTANT\*\*\***

By: \_\_\_\_\_

**\*\*\*INSERT NAME\*\*\***

**\*\*\*INSERT TITLE\*\*\***

By: \_\_\_\_\_

**\*\*\*INSERT NAME\*\*\***

**\*\*\*INSERT TITLE\*\*\***

*ATTEST:*

\_\_\_\_\_

Ms. La Vonda M. Pearson, Town Clerk

*APPROVED AS TO CONTENT:*

\_\_\_\_\_

Douglas B. Robertson, Town Manager

*APPROVED AS TO FORM:*

**BEST BEST & KRIEGER LLP**

\_\_\_\_\_

Thomas Rice, Town Attorney

## ATTACHMENT B

### SCOPE OF SERVICES

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

1. Comprehensive Annual Financial Report – Audit the Basic Financial Statements of the Town to obtain reasonable assurance about whether the financial statements are free from material misstatement. Express an opinion on the fair presentation of the Town's governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in conformity with generally accepted accounting principles. The Auditor shall also be responsible for performing certain limited procedures involving management's discussion and analysis (MD&A) and the required supplementary information (RSI) required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards. The Auditor is not required to audit the introductory section or the statistical section of the report.
2. Single Audit Act Report (if required) – The audit firm will perform a single audit on the expenditures of federal grants in accordance with the provisions of the Single Audit Act Amendments of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and render the appropriate audit reports on Internal Control over Finance Reporting based upon the audit of the Town's financial statements in accordance with Government Auditing Standards and the appropriate reports on compliance with Requirements Applicable to each Major Program, and Internal Control over Compliance. The single audit report prepared and published by the audit firm will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required. If the Town does not meet the minimum requirements to necessitate a single audit, the fees shall be adjusted accordingly. Additionally, the audit firm will submit the required information to the Federal Audit Clearinghouse.
3. Management Letter – The audit firm will issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. The management letter shall be addressed to the Finance Director. Prior to its release, Town staff shall be given an opportunity to review and comment.
4. 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 Finance Director and Town Manager, as appropriate.
5. Updates – The firm selected is expected to keep the Town abreast of new developments affecting municipal finance and reporting, Government Accounting Standards Board pronouncements, procedural changes for grants, etc. The firm is also expected to provide advice to Town staff related to the proper accounting treatment for transactions as needed and without additional costs.

6. Other – The firm selected will prepare the Comprehensive Annual Financial Report (CAFR) and the statistical sections. Will also prepare the Single Audit Report (if needed) and a separate Report for the Mojave Desert and Mountain Integrated Waste Management Authority. Will also be asked to prepare the Cities State Controller’s Office Financial Transaction Report (FTR). The firm may prepare the State Controller’s Office Street Reports. The scope and compensation shall be listed separate in Attachment C.

Auditing Standards:

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

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

Reports to be Issued:

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

1. Reports on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America as listed below:
  - a. Basic Financial Statements for the Town;
  - b. Single Audit Report;
  - c. Mojave Desert and Mountain Integrated Waste Management Authority
2. A report based on the internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. A report on the compliance with requirements that could have a direct and material effect on each major program and internal control over compliance in accordance with OMB Circular A-133 and on the schedule of expenditures of federal awards. Also included would be a schedule of findings and questioned costs associated with federal awards.
4. A Management Letter setting forth recommendations (as applicable) for improvements in the Town’s internal control, accounting procedures, and any other significant observations.
5. Reports to and communication with those charged with governance, as required by auditing standards.

6. Auditors shall be required to make immediate, written notification to the Town Council, Town Manager, Finance Director and Town Attorney of all irregularities and illegal acts or indications of illegal acts of which they become aware.
7. Any other reports that may become required as a result of a change in accounting standards or new pronouncements that become effective during the term of the engagement.

Communication:

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

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

The Auditor must be available to present the audit plan prior to beginning fieldwork. In addition, the Auditor must be available to present all final reports to the Finance Committee and Town management and then to the full Town Council as requested at no additional costs.

Working Paper Retention, Access to Working Papers and Journal Entries:

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

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

All adjusting journal entries made by the Auditors must be discussed and explained to the Finance Director prior to recording.

**ATTACHMENT C**

**COST SUMMARY MATRIX**

Audit Work Cost Proposal Form:

Service	Fiscal Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
Town Audit and Related Reports	\$	\$	\$	\$	\$
Single Audit and Related Reports	\$	\$	\$	\$	\$
MRF Separate Report	\$	\$	\$	\$	\$
Cities State Controller's Report	\$	\$	\$	\$	\$
State Controller's Street Report (optional)	\$	\$	\$	\$	\$
Out-of-Pocket Expenses	\$	\$	\$	\$	\$
Total Fiscal Year	\$	\$	\$	\$	\$

Auditors Standard Hourly Billing Rates:

Position	Fiscal Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
Partner	\$	\$	\$	\$	\$
Manager	\$	\$	\$	\$	\$
Senior Accountant	\$	\$	\$	\$	\$
Staff Accountant	\$	\$	\$	\$	\$
Clerical	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$

**ATTACHMENT D**

**PROPOSER GUARANTEES**

- A. The proposer certifies it can and will provide and make available, at a minimum, all services set forth in section II, Nature of Services Required.
- B. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.
- C. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing \$1,000,000 policy coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- D. Proposer warrant that it shall indemnify, defend, and hold harmless the Town of Apple Valley and its officers, officials, employees and agents from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigations) of every nature arising out of or in connection with proposers work hereunder or its failure to comply with any of its obligations contained in the agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the Town.
- E. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Town of Apple Valley.
- F. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official \_\_\_\_\_

Name (printed) \_\_\_\_\_

Title: \_\_\_\_\_

Firm: \_\_\_\_\_

Date: \_\_\_\_\_