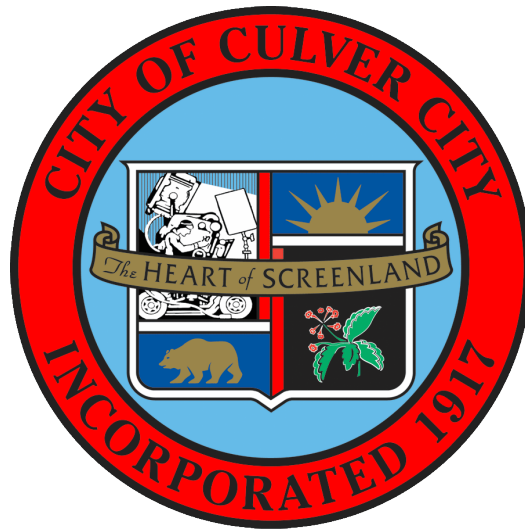


# *Culver*

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## CITY



### INVITATION FOR PROPOSALS

for

# INTERNAL AUDITING SERVICES

**RFP #2323**

**February 2023**

**City of Culver City**

**FINANCE DEPARTMENT**

9770 Culver Boulevard

Culver City, CA 90232-0507

(310) 253-5600

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# INTERNAL AUDITING SERVICES

**RFP # 2323**

## I. REQUEST SUMMARY

The City of Culver City is seeking proposals for internal audit services to be performed in place of an internal audit function in accordance with applicable industry standards including, but not limited to, those established by the Institute of Internal Auditors (IIA), and the American Institute of CPAs (AICPA), GASB and utilizing the appropriate audit management software as well as other applicable resources. These services will take the place of an in-house internal audit function and provide continuity and efficiencies to the process while maintaining an independent and objective approach that will add value and improve the City's operations.

## II. INTRODUCTION

### A. Community Profile

The City of Culver City (City) is a charter city incorporated in 1917. The City is governed by a five-member City Council whose members are elected at large and operates under a Council/City Manager form of government.

Culver City is a full-service city located in the western area of Los Angeles County, generally situated north of Los Angeles International Airport, southeast of Santa Monica, south of Beverly Hills and southwest of West Hollywood. The City is approximately five square miles with a residential population of approximately 40,000. The total adopted budget for FY 2022/2023 is approximately \$296 million, of which \$150 million is General Fund.

The City's audited financial statements as of June 30, 2022, including the Annual Comprehensive Financial Report, Single Audit and Municipal Bus Line statements are available online at <https://www.culvercity.org/City-Hall/Reports-policies-local-laws/Government-Transparency>

### B. Background

The City has many internal controls in place in each department that seek to impact the daily conduct of our business, protect our employees/customers/clients, safeguard our assets, mitigate our risks, and allow for accurate financial reporting (including financial projections) to help ensure a viable, sustainable government that is able to serve its citizens both now and in the future.

Over the years, the City Finance Department has performed a limited amount of monitoring of these internal controls. This effort has focused primarily on reviewing the

cash receipting process in place in City departments that take in monies over the counter to ensure that the monies are properly received, safeguarded, deposited and recorded in a timely way in the City's financial system. This work has been done on a rotating basis each year with one or more such departments' cash handling processes being reviewed.

In 2015, the City Council had requested that the City begin in a greater way to review our internal controls. Given that sufficient staff time and expertise are not available for this work to be done in-house, it was recommended that a request for proposal (RFP) be done to solicit bids from qualified firms to perform this work as directed by City management.

The City hired a consultant who performed the various internal audits (Enterprise Internal Control Review, Enterprise Risk Assessment, Grant Management Internal Controls, Cash Handling Internal Controls Improvement and Fraud, Waste and Abuse Program) and presented the audit reports to City Council. The contract with the consultant ended in 2020.

The City established the Fraud, Waste, and Abuse of City Resources hotline for employees and residents to report anonymously. The City made many improvements in the work process based on the recommendations from the audit reports. The Internal Audit Division is currently working on updating financial policies.

The City has decided to conduct an internal audit in FY 2023/2024 for sustaining the standard of the internal controls city-wide.

It is anticipated that this work would begin with a review of the entity-wide controls in place to enable the auditor to better understand our governing and operating structure and to assess the "tone at the top," since this is often the foundation for all of the other components of internal control.

This would most likely be followed by a risk assessment of each department to identify the areas of highest risk so that these could be reviewed first. It is anticipated that a one year internal audit schedule would be developed

The purpose of this RFP is to solicit proposals from qualified firms to provide **internal auditing services** for the City of Culver City for a period of one year with the possibility of two one-year extensions if agreed upon by both parties. This would be subject to the annual review and recommendation of the City Manager, the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm(s)), the concurrence of the City Council and the annual availability of an appropriation.

These services are to be performed in accordance with generally accepted auditing standards issued by the American Institute of Certified Public Accountants (AICPA), the Standards for The Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA), and GASB standards.

### **C. General RFP Submittal Information**

The City's designated staff will evaluate proposals received. During the review process, the City reserves the right, where it may serve the City's best interest, to request additional information or clarification from those that submit proposals, or allow clarifications, corrections of errors, or omissions. Any and all changes in the RFP will be made by written addendum, which shall be issued by the City to all prospective proposers who have registered for the RFP via the through the City's electronic procurement system, [Culver City PlanetBids](#).

The City reserves the right to retain all proposals submitted. Submission of a proposal indicates the Proposer's acceptance of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the Proposer selected.

The preparation of the proposal will be at the total expense of the Proposer. There is no expressed or implied obligation for the City to reimburse responding Proposers for any expense incurred in the preparation of proposals in response to this request. All proposals submitted to the City shall become properties of the City and will not be returned. If any information in your proposal is confidential and/or proprietary, please further submit a separate, redacted copy for servicing public records requests.

The proposer may submit an alternative proposal (or proposals) that it believes will also meet the City's project objectives but in a different way. In this case, the proposer must provide an analysis of the advantages and disadvantages of each of the alternatives and discuss under what circumstances the City would prefer one alternative to the other(s). If an alternative proposal is submitted, the maximum length of the proposal may be expanded proportionately by the number of alternatives submitted.

The City reserves the right to reject any or all proposals, in whole or part, to waive any informality in any proposal, and to accept the proposal which, in its discretion, is in the best interest of the City. Any proposer may withdraw his proposal, without obligation, at any time prior to the scheduled closing time for receipt of proposals. A withdrawal will not be effective unless made via email or by telephonic notification received prior to the closing date. Proposals may later be referred to the City Council for appropriate action.

Proposals must be submitted electronically through [Culver City PlanetBids](#), by or before 3:00 p.m. (PST) on Thursday, **April 6, 2023** ("Proposal Deadline"). The electronic procurement system will not accept any Proposals after the Proposal Deadline. Only a Proposal submitted electronically through [Culver City's PlanetBids](#) will be considered for evaluation. No separate hardcopy materials will be accepted by the City.

For a complete list of the City's RFP submittal terms and conditions, legal statements, and insurance requirements, please refer to the exhibits attached hereto.

## D. RFP Questions

Questions with regards to this RFP should be submitted through [Culver City PlanetBids](#) by Thursday, **March 9, 2023**. All firms registered for the RFP will receive responses to all questions and any other addenda that may be released, electronically by **Thursday, March 23, 2023**.

## E. Schedule

The City reserves the right to make changes to the below schedule, but plans to adhere to the implementation of this bid process as follows:

RFP released: **February 23, 2023**

Deadline for receiving questions: **March 9, 2023**

Response to questions: **March 23, 2023**

Proposals due: **April 6, 2023**

Finalists selected: **April 20, 2023**

Presentations/Interviews (if necessary): **Week of May 8, 2023**

Vendor selected: **May 26, 2023**

## III. SCOPE OF SERVICES

1. Perform a review of the entity-wide internal control environment in place at the City.
2. In conjunction with key City staff, perform a risk assessment of City operations to prioritize the areas for internal audit work to be performed. From this prioritization, develop a one-year internal audit schedule encompassing all City departments. Review the risk assessment with City management and adjust accordingly to reflect any changes in the internal or external environment that affect the risks the City is facing.
3. Analyze the data obtained for evidence of deficiencies in controls, duplicative effort, wasteful or unnecessary spending, fraud, lack of compliance with federal, state, or local laws/regulations or failure to follow management policies/procedures.
4. Assist the City in reviewing (fraud hotline) where employees and residents can anonymously report areas of concern to them.
5. Review other areas as deemed necessary or as requested by City administration or the City Council.
6. Provide recommendations for strengthening internal controls to lower identified risks to the City and improve fraud detection and prevention.
7. Submit audit findings/reports to City management and the City Council at regularly scheduled meetings.

#### **IV. PROPOSAL OUTLINE TO BE SUBMITTED**

The proposal shall be organized and submitted with the following elements:

*A. Cover page*

*B. Table of contents*

*C. Executive summary*

Provide a brief summary describing the proposer's ability to perform the work requested, a history of the proposer's background and experience providing services, the qualifications of the proposer's personnel to be assigned to this project, any subcontractor, sub consultants, and/or suppliers and a brief history of their background and experience, and any other information called for by this request for proposal which the proposer deems relevant, including restating any exceptions to this request for proposal. This summary should be brief and concise to apprise the reader of the basic services offered, experience and qualifications of the proposer, staff, subcontractors, and/or suppliers.

*D. Questionnaire/Response to Scope of Services*

Proposer shall provide responses and information to fully satisfy each item in the Questionnaire. Each question item should be presented before the proposer's response.

*E. Attachments*

#### **V. QUESTIONNAIRE**

##### **A. Company and General Information**

1. Company name and address.
2. Letter of transmittal signed by an individual authorized to bind the respondent, stating that the respondent has read and will comply with all terms and conditions of the RFP.
3. General information about the primary contact who would be able to answer questions about the proposal. Include name, title, telephone number and email address of the individual.

##### **B. Qualifications and Experience of the Firm**

1. A brief history of your organization, full corporate name and affiliate organizations, a review of ownership, current location and territory attended to, number of employees, number of years of experience providing internal audit services and anticipated changes to the existing size and location of your business.

2. The services your firm offers which may distinguish it from other firms.
3. A profile of the type of accounts and clients for which your firm presently provides internal auditing services.
4. Provide your firm's audit and internal controls philosophy, with respect to assets and controls of governmental organizations.

**C. Qualifications and Experience of Proposed Project Team**

1. A biography of the primary staff that will be responsible for the work to be performed for the City.
2. A brief biography of principals of the Firm.
3. An organizational chart for the individuals assigned to our account.

**D. Questions/Response to Scope of Services**

1. Describe your firm's experience in providing internal auditing services to local governments as well as other organizations. Describe the unique qualifications of your firm to provide internal auditing services to the City.
2. Describe your firm's experience in auditing Electronic Data Processing (EDP) systems, to include, but not limited to, accounting software systems, PC based software applications, local area networks, etc.
3. Describe how you will ensure that the audit team assigned will have the necessary knowledge and experience in City government internal controls.
4. The proposal should include a pricing structure (estimated hours and blended hourly rate) for the entity-wide review of internal control and the risk assessment work to be performed. Describe how you would approach risk assessment at the City and how you would develop an internal audit schedule for period review of internal controls in City departments based upon the risk assessment.
5. Based upon internal audit work performed by your firm for entities like the City provide (if possible) an estimate of the hours and yearly cost to review internal controls in City departments such that each department could be reviewed once every 5 years as determined through the risk assessment process.
6. Describe your firm's professional and technical resources which are available to support the internal audit work.

**E. Reporting**

Detail proposed meeting availability for phone calls and face to face meetings.

Presence at City Council meetings may be needed from time to time.

Provide a sample internal audit report and discuss the type(s) of reports and related audit information that is provided to the client.

#### **F. Fees**

1. Provide your fees for the proposed service. Fee quotes should be detailed by service.
2. Outline billing and payment expectations, including timing and method of payment.
3. Describe any remaining fees not already detailed above.

#### **G. Exceptions to Specifications**

Although the specifications in the requirements section represent the City's anticipated needs, there may be instances in which it is in the City's best interest to permit exceptions to specifications and accept alternatives.

It is extremely important that Firms make very clear where an exception is taken to the specifications and how alternatives will be provided. Therefore, exceptions, conditions, or qualifications to the provisions of the City's specifications must be clearly identified as such, together with the reasons, and inserted in this section of the proposal. If the Firm does not make it clear that an exception is taken, the City will assume the proposal is responding to and will meet the specification as written.

#### **H. References**

Please provide the name, contact person, and phone number of three existing internal audit clients, preferably local governments, whom we may contact for references. Indicate the length of time for the engagement.

#### **I. Certificate(s) of Insurance**

The City will require the successful proposer to provide Certificates of Insurance evidencing required coverage types and the minimum limits. See the attached City Draft Standard Professional Services Agreement for more information on the City's insurance requirements.

#### **J. Business Tax Certificate**

The proposing organization does not require a [Culver City Business Tax Certificate](#) to respond to this RFP. However, the successful proposer will be required to acquire a Culver City Business tax certificate during the contracting process and maintain an active certificate throughout the contracted period.



## **K. Standard City Professional Services Agreement**

The City will require the successful proposer to execute a professional services agreement with the City. Please review the attached draft agreement and identify any questions, changes, or areas of concern in your proposal to the City. Any/all requests for changes to the agreement must be included with the responsive proposal. A company's failure to respond with proposed changes to the draft agreement indicates their concurrence with its terms and conditions.

## **L. Implementation Schedule**

Include a detailed implementation schedule with an estimated project start date of **July 1, 2023**, and note key project milestones and timelines for deliverables. Identify any assumptions used in developing the schedule.

## **VI. EVALUATION OF PROPOSALS**

Proposals will be judged on the Proposer's ability to provide services that meet the requirements set forth in this document. The City reserves the right to make such investigations as it deems necessary to determine the ability of the Proposer to provide services meeting a satisfactory level of performance in accordance with the City's requirements. Interviews and presentations by one, several, or all of the Proposers may be requested by evaluators if deemed necessary to fully understand and compare the Proposer's capabilities and qualifications. The adequacy, depth, and clarity of the proposal will influence, to a considerable degree, its evaluation.

The criteria upon which evaluation of the proposals will be based include, but are not limited to the following:

1. The ability of the Firm to provide excellent internal auditing services to the City.
2. References from persons knowledgeable of the Firm's ability to fulfill the terms of the contract.
3. Economic feasibility and justification of all costs.
4. General and financial stability of the company and years in business.
5. Firm willingness and ability to negotiate a contract acceptable to the City.
6. Quality of the proposal and presentations (if required).
7. Ability for the Firm to provide quality advice and documentation.

**SUPPLEMENTAL TERMS AND CONDITIONS, LEGAL STATEMENTS,  
AND INSURANCE REQUIREMENTS**

**SUPPLEMENTAL TERMS AND CONDITIONS**

- I. Submission of a proposal shall be deemed a binding offer to enter into a contract with the City. Any proposed modifications to the agreement shall be signed by the successful Proposer and returned, together with the certificate of insurance required pursuant to said Section of the Agreement within ten (10) days after the Notice of Award.
- II. All Proposers shall be presumed to understand all of the terms, conditions and requirements of the agreement as stated in the specifications and to be thoroughly familiar with the project.
- III. The selected Proposer shall be required to obtain all applicable Culver City permits and business tax certificate. The Business Support Center (HdL) may be reached at (310) 594-7847. The cost of these items shall be included in the total proposal price.
- IV. Any proposal may be withdrawn prior to the RFP opening time provided that the request is in writing and signed by the authorized representative. The withdrawal of a proposal shall not prejudice the right of the Proposer to file a new proposal to the time and date set for the opening of proposals. No proposal received after the time fixed for the RFP opening will be considered.
- V. Subsequent to the RFP opening, a Proposer shall be relieved of a proposal due to mistakes only if the Proposer can establish to the satisfaction of the City that all of the following circumstances exist:
  - a. A mistake was made;
  - b. The Proposer gave the City written notice within five (5) days after the opening of the proposals of the mistake; specifying in the notice, in detail, how the mistake occurred;
  - c. The mistake made the proposal materially different than the Proposer intended it to be;
  - d. The mistake was made filling out the proposal and not due to error in judgment or to carelessness in reviewing the scope of service or specifications as stated in the RFP.
- VI. The City reserves the right to seek supplemental information from any proposer at any time between the dates of proposal submission and the RFP award. Such information will be limited to clarification or amplification of questions asked in the original proposal. Any proposer may be subject to personal interview and inspection of their business premises prior to award.
- VII. The City reserves the right to reject any or all proposals and to waive informalities and minor irregularities in proposals received and to accept any

## EXHIBIT A

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portion of proposal or all items of proposal if deemed in the best interest of the City. In addition, the City reserves the right to do any, or all, of the following:

- a. Reject any or all proposals or make no award.
- b. Issue subsequent RFP.
- c. Cancel the RFP.
- d. Remedy technical errors in the RFP.
- e. Modify any requirements contained within the RFP and request revised submittals from Proposers determined to be within the competitive range.
- f. Award a contract to one or more Proposers.
- g. Accept the written proposal as an offer, without negotiation and issue a notice to proceed, if applicable.

VIII. The City reserves the right to contract with any of the organizations responding to this RFP based solely upon its judgment of the qualifications and capabilities of that organization.

IX. All materials submitted regarding this RFP become the property of the City. Responses may be reviewed by any person at RFP opening time and thereafter. The City has the right to use any or all information presented in reply to this request, subject to the limitations outlined in Proprietary Information below. Disqualification of a proposer does not eliminate this right.

a. *Proprietary Information* – Any restrictions on the use of data contained within a proposal must be clearly stated in the proposal itself. Proprietary information submitted in response to this RFP will be handled in accordance with applicable City Procurement Regulations and the California Public Records Act.

X. The City is not liable for any cost incurred by proposer prior to issuance of an agreement, contract, or purchase order.

### LEGAL STATEMENTS

All bidders must meet the following contractual and legal requirements to enter into a contractual agreement with the City:

#### I. PROHIBITED INTERESTS

- a. Contractor warrants that it has not employed or retained any company or person, other than a bonafide employee working solely for Contractor, to solicit or secure this contract and that it has not paid or agreed to pay any company or person, other than a bonafide employee working solely for Contractor, any fee, percentage, brokerage fee, gifts or any other consideration, contingent upon or resulting from the award or making of this contract. For violation of this warranty, the City shall have the right to annul this contract without liability.
- b. Contractor agrees that, for the term of this Contract no member, officer, or employee of the City, or of a local public body during his/her

## EXHIBIT A

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employment for one (1) year thereafter, shall have any interest, direct or indirect, in this contract, or to any benefit arising thereof;

c. The employment by Contractor of personnel on the City's payroll will not be permitted in the execution of this contract, even though such employment may be outside of the employee's regular working hours or on Saturdays, holidays, or vacation time; further, the employment by the Contractor of personnel who have been on the City's payroll within one (1) year prior to the date of contract award, where such employment is caused by and/or dependent upon Contractor securing this or related contract with the City, is also prohibited.

### II.ANTI-LOBBYING PROVISION

a. During the period between proposal / sealed bid submission date and the contract award, proposers, including their agents and representatives, shall not directly discuss or promote their proposal with any member of the City of Culver City City Council or City staff except in the course of City-Sponsored inquiries, briefings, interviews, or presentations, unless requested by the City.

b. This provision is not meant to preclude offerors from discussing other matters with City Council members or City staff. This policy is intended to create a level playing field for all potential offerors, assure that contract decisions are made in public, and to protect the integrity of the RFP / Bid Evaluation process. Violation of this provision may result in rejection of the offeror's proposal.

III.NON-DISCRIMINATION REQUIREMENTS: In addition to any other obligations set forth in the specifications, the Contractor shall not discriminate against any employee or applicant for employment because of sex, age, physical handicap, race, color, religion, ancestry, or national origin. Contractor shall take affirmative action to ensure that employees are treated during employment without regard to their age, sex, physical handicap, race, color, religion, ancestry, or national origin. Such affirmative action shall include, but not be limited to, the advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Contractor shall post in a conspicuous place available to all employees and applicants for employment notices setting forth the provisions of this fair employment practices paragraph.

IV.COMPLIANCE WITH LAW: The Contractor shall familiarize itself with and perform the service required under this contract in conformity with requirements and standards of the City, municipal and public agencies, public and private utilities, special districts, and railroad agencies whose facilities and services may be affected by service under this contract. The Contractor shall also comply with all Federal, OSHA, state, and local laws and ordinances applicable to any of the service involved in this Contract. The Contractor shall indemnify and save harmless the City against any claim arising from the violation of any

## EXHIBIT A

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such laws, ordinances and regulations whether by the Contractor or his employees.

V. PROTECTION OF RESIDENT WORKERS: Protection of Resident Workers: The City of Culver City actively supports the Immigration and Nationality Act (INA) which includes provisions addressing employment eligibility, employment verification, and nondiscrimination. Under the INA, employers may hire only persons who may legally work in the United States (i.e., citizens and nationals of the U.S.) and aliens authorized to work in the U.S. The employer must verify the identity and employment eligibility of anyone to be hired, which includes completing the Employment Eligibility Verification Form (I-9). The Contractor shall establish appropriate procedures and controls so no services or products under the Contract Documents will be performed or manufactured by any worker who is not legally eligible to perform such services or employment.